

7182. Also, petition of National Customs Service Association, signed by 41 citizens of Brooklyn, N. Y., urging speedy passage of House bill 13143, providing for an adjustment of salaries paid to customs employees; to the Committee on Ways and Means.

7183. By Mr. McSWEENEY: Papers in support of House bill 13261, granting a pension to Jennie Messer; to the Committee on Invalid Pensions.

7184. By Mr. MORROW: Petition of citizens of Fort Bayard, N. Mex., indorsing House bill 5477, to extend presumptive limit for tubercular veterans to September 1, 1928; to the Committee on World War Veterans' Legislation.

7185. By Mr. O'CONNELL: Petition of the Anchor Club, New York Post Office, appealing for the consideration of the Lehlbach retirement bill (H. R. 25); to the Committee on the Civil Service.

7186. By Mr. QUAYLE: Petition of United States Customs Inspector's Association of the Port of New York, favoring the passage of the Lehlbach retirement bill (H. R. 25); to the Committee on the Civil Service.

7187. Also, petition of Anchor Club, New York Post Office, favoring the passage of the Lehlbach retirement bill (H. R. 25); to the Committee on the Civil Service.

7188. By Mr. McREYNOLDS: Petition of 118 adult citizens of Ooltewah, Hamilton County, Tenn., protesting against the passage of the Lankford Sunday observance bill (H. R. 78); to the Committee on the District of Columbia.

7189. By Mr. SEARS of Nebraska: Petition of civic and commercial organizations and municipalities of Nebraska, indorsing source, tributaries, flood control, and retention of flood waters in areas in which they originate; to the Committee on Flood Control.

7190. By Mr. STALKER: Petition of sundry citizens of Bath, N. Y., urging the enactment of legislation for an increase in pension for Civil War veterans and widows of veterans; to the Committee on Invalid Pensions.

7191. Also, petition of sundry citizens of Watkins Glen, N. Y., urging the enactment of legislation for an increase in pension for Civil War veterans and widows of veterans; to the Committee on Invalid Pensions.

SENATE

WEDNESDAY, April 25, 1928

(Legislative day of Friday, April 20, 1928)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had adopted a concurrent resolution (H. Con. Res. 32) providing that the action of the Speaker of the House and the Vice President in signing the joint resolution (H. J. Res. 244) authorizing the modification of the adopted project for Oakland Harbor, Calif., be rescinded, etc.

The message also announced that the House had passed the bill (S. 3740) for the control of floods on the Mississippi River and its tributaries, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 1181) authorizing an appropriation to be expended under the provisions of section 7 of the act of March 1, 1911, entitled "An act to enable any State to cooperate with any other State or States, or with the United States, for the protection of the watersheds of navigable streams, and to appoint a commission for the acquisition of lands for the purpose of conserving the navigability of navigable rivers," as amended, and it was signed by the Vice President.

PRINTING OF FLOOD CONTROL BILL

Mr. JONES subsequently said: Senate bill 3740, the flood control bill, has come from the House with quite a number of amendments. I ask unanimous consent that the bill may be printed with the House amendments numbered.

The PRESIDING OFFICER (Mr. McNARY in the chair). Without objection, it is so ordered.

CALL OF THE ROLL

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Edge	Kendrick	Sackett
Barkley	Edwards	Keyes	Schall
Bayard	Fess	King	Sheppard
Bingham	Fletcher	La Follette	Shortridge
Black	Frazier	Locher	Simmons
Blaine	George	McKellar	Smith
Blease	Gerry	McMaster	Smoot
Borah	Gillett	McNary	Steck
Bratton	Goff	Mayfield	Stephens
Brookhart	Gooding	Metcalf	Swanson
Broussard	Gould	Moses	Thomas
Bruce	Greene	Norbeck	Tydings
Capper	Hale	Norris	Tyson
Caraway	Harris	Nye	Wagner
Copeland	Harrison	Oddie	Walsh, Mass.
Couzens	Hawes	Overman	Walsh, Mont.
Curtis	Hayden	Phipps	Warren
Cutting	Heflin	Pittman	Waterman
Dale	Howell	Ransdell	Wheeler
Deneen	Johnson	Reed, Pa.	
Dill	Jones	Robinson, Ind.	

Mr. CARAWAY. I desire to announce that my colleague the senior Senator from Arkansas [Mr. ROBINSON] is detained from the Senate because of illness.

The VICE PRESIDENT. Eighty-two Senators having answered to their names, a quorum is present.

CORRECTION OF ERROR IN ENROLLMENT

The VICE PRESIDENT laid before the Senate the following concurrent resolution (H. Con. Res. 32) of the House of Representatives, which was read:

Resolved by the House of Representatives (the Senate concurring), That the action of the Speaker of the House of Representatives and the Vice President in signing the joint resolution (H. J. Res. 244) authorizing the modification of the adopted project for Oakland Harbor, Calif., be rescinded and that in the enrollment of said joint resolution the word "June" be stricken out and the word "January" be inserted in lieu thereof.

Mr. CURTIS. I ask that the Senate concur in the resolution. The concurrent resolution was considered by unanimous consent and agreed to.

MARTHA A. HAUCH

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1368) to extend the benefits of the employees' compensation act of September 7, 1916, to Martha A. Hauch, which was to strike out all after the enacting clause and insert:

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, and in full settlement against the Government, the sum of \$2,000 to Martha A. Hauch, formerly a nurse in the service of the United States Army, who contracted tuberculosis while on duty at Walter Reed General Hospital from September 16, 1922, to August 22, 1924; and that said Martha A. Hauch shall be admitted to such Army hospital as may be directed by the Surgeon General of the United States Army for necessary care and treatment.

Mr. SWANSON. I move that the Senate concur in the House amendment.

The motion was agreed to.

PETITIONS AND MEMORIALS

Mr. WARREN presented a resolution adopted by the Chamber of Commerce, of Casper, Wyo., favoring the establishment and maintenance of a mining experiment station at Laramie, Wyo., which was referred to the Committee on Mines and Mining.

He also presented a letter in the nature of a memorial from John J. Spriggs, of Lander, Wyo., remonstrating against the passage of Senate bill 1752, the so-called Oddie bill, to regulate the manufacture and sale of stamped envelopes, which was referred to the Committee on Post Offices and Post Roads.

Mr. BRUCE presented a petition of sundry citizens of Baltimore, Md., praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which was referred to the Committee on Pensions.

Mr. COPELAND presented a petition of sundry citizens of Brooklyn, N. Y., praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which was referred to the Committee on Pensions.

Mr. ASHURST presented a resolution adopted by Morgan McDermott Post, No. 7, the American Legion, of Tucson, Ariz., relative to the so-called Swing-Johnson bill, which was ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas it has come to the notice of Morgan McDermott Post, No. 7, the American Legion, Tucson, Ariz., that the proponents of the Swing-Johnson bill are urging the passage of a bill to construct a dam in the Colorado River; and

Whereas it has been reported to the members of this post that the representatives of this post and other posts of the department of Arizona failed and neglected to vote against a resolution approving and indorsing the passage of said Swing-Johnson bill: Now, therefore, be it

Resolved by the Morgan McDermott Post, No. 7, the American Legion, Tucson, Ariz., (1) That said action of the national convention be, and the same is hereby, disapproved and disaffirmed as not expressing the actual view and opinion of members of the American Legion.

2. That any and all action purporting to have been taken by representatives of the department of Arizona, the American Legion, approving and indorsing the passage of said Swing-Johnson bill be, and the same is hereby, repudiated and disapproved for the reason that such action does not and did not represent the views and opinions of the members of this post.

MERTON MARTENSON,
Post Commander.

CLAUDE SMITH,
LESLEY B. ALLEN,
JOHN C. HAYNES,
Representative Committee.

Mr. WALSH of Massachusetts presented numerous petitions signed by sundry members of the International Institute for Foreign-Speaking Peoples, of New Bedford, Mass., and Los Angeles, Calif.; the Young Women's Christian Association of Austin, Tex.; Erie, Pa.; Providence, R. I.; Orange, N. J., and Bayonne, N. J.; also the Logan County Welfare Department, Logan, W. Va.; the Bethany Evangelical Church, and the Grand Avenue Congregational Church Men's Club, both of Milwaukee, Wis.; praying for the passage of Senate Joint Resolution 122, providing for the reunion of families of alien declarants, which were referred to the Committee on Immigration.

IMPORTATION OF SHOES FROM CZECHOSLOVAKIA

Mr. WALSH of Massachusetts. I have had some correspondence of particular public interest with relation to imports of shoes in recent months.

I ask that the letter from the Massachusetts manufacturer who called the subject to my attention because of the effect of imports from Czechoslovakia upon the business of domestic manufacturers of certain types of women's and misses' shoes, the report and table of the United States Tariff Commission prepared in reply to my request, and a letter and analysis by myself upon the subject be printed in the CONGRESSIONAL RECORD and referred to the Finance Committee.

There being no objection, the matter was referred to the Finance Committee and ordered to be printed in the RECORD, as follows:

WRIGHT-GOREVITZ-McNAMARA Co.,
Haverhill, Mass., April 3, 1928.

United States Senator DAVID I. WALSH,
Washington, D. C.

MY DEAR SENATOR WALSH: I am inclosing a leaf taken out of the Boot and Shoe Recorder issued March 31, 1928, containing an advertisement issued by the manufacturers of Czechoslovakian Republic.

It might interest you to know that there are enormous amounts of shoes coming in from the Czechoslovakian Republic, penalizing manufacturers here in the States by reason of their low price.

I know how keenly you are interested in the boot and shoe industry and I think perhaps little facts like this you might want to gather together in order to be well versed on the subject of importation of shoes from abroad.

I hope I have not bothered you by this little item, likely to be of interest to you.

With kind personal regards and best wishes, I remain.

Very truly yours,

R. V. McNAMARA, Secretary.

WRIGHT-GOREVITZ-McNAMARA Co.,
Haverhill, Mass., April 5, 1928.

Senator DAVID I. WALSH,
Senator from Massachusetts, Washington, D. C.

MY DEAR SENATOR: Following my recent letter regarding the importation of shoes into the United States I have just one more clipping that I am inclosing to you that I am going to bother you with.

This is a little article regarding the importation of shoes from Europe consigned to the Nugent's Department Store, of St. Louis, Mo.—one of the best stores in the Middle West. You will notice the price that they are selling these shoes at, namely \$3.98, with all widths and sizes. Shoes like these, as outlined by them in their advertisement, made in our factory under labor conditions that are wholesome, would cost the Nugent Co. \$4.25. These shoes would be obliged to retail at a profit to Nugent at \$7 a pair.

There has been in years gone by a great prejudice against European shoes because of the fact that the lasts were antiquated. To-day, it might interest you to know that their lasts are as much Americanized as our own here in the States. They have available in their factories

the same machinery, furnished by the United Shoe Machinery Co., that we have. The help are taught by American superintendents, who are placed in these factories to give the shoes the American touch.

I know how greatly interested you are in the subject of unemployment in New England. It might interest you to know that this is the dullest period that we have ever had since the inception of this business at this period of the year. We have always had a very busy spring, because this seems to be a time when there is a great demand for women's shoes, prior to the Easter season. In our factory, employing over 400 people, I can say that I doubt if we have 50 people employed here to-day. I am not going to lay all of this unemployment to the fact Czechoslovakia is importing shoes into this country in enormous quantities, but it is a fact that on summer shoes, sandal effect, these people are producing shoes that we can not compete with. The sandal business that we always received prior to summer is now going to European manufacturers.

It does seem to me that it should be the concern of the Government to levy such a tax upon importation of shoes from these cheap European labor centers as to produce more employment for the people in the United States.

I know that I am bothering you much more than I have a right to, but I have always felt free to write you, because I always receive such courteous attention from you. I thought this information that I am giving you might be of interest to you.

Trusting to have the pleasure of seeing you soon, and with the writer's kind and personal regards, I remain

Very truly yours,

R. V. McNAMARA.

UNITED STATES TARIFF COMMISSION,
Washington, April 19, 1928.

Hon. DAVID I. WALSH,

United States Senate, Washington, D. C.

MY DEAR SENATOR WALSH: Receipt is acknowledged of your letter of April 5, inclosing a letter from the Wright-Gorevitz-McNamara Co., with respect to the importation of shoes from Czechoslovakia.

In answer to your request for information regarding the imports of shoes from that country there is attached a table showing, for the years 1926, 1927, and for January and February, 1928, the total imports of shoes from all countries and the imports of shoes from Czechoslovakia.

The shoe imports from Czechoslovakia are mainly specialties, and in the last few years have consisted largely of a light shoe or sandal of the McKay type, the uppers made of narrow strips of leather, braided. This type of shoe has been popular in the United States for the last two summers, and has to some extent replaced the domestic white fabric shoe. This type of shoe being all leather is imported free of duty.

Inasmuch as manufacturers in Haverhill specialize in women's and misses' shoes, sandals, and slippers, it is probable that they feel the competition from Czechoslovakian imports more keenly than other shoe-manufacturing centers.

The communication from the Wright-Gorevitz-McNamara Co., with its inclosure, are returned herewith.

Sincerely yours,

THOMAS O. MARVIN, Chairman.

UNITED STATES SENATE,
April 23, 1928.

Mr. RAYMOND V. McNAMARA,
Secretary Wright-Gorevitz-McNamara Co.,
93-99 Essex Street, Haverhill, Mass.

MY DEAR MR. McNAMARA: Since receiving your letters in reference to the importation of certain classes of women's shoes and sandals from Czechoslovakia in competition with the class of women's shoes made in Haverhill, Mass., I have conferred with the United States Tariff Commission and have obtained an interesting report from them.

Inclosed you will find a letter from the chairman of the United States Tariff Commission explaining the table which was prepared at my request and also calling attention to the fact that importations from Czechoslovakia are mainly specialties. He states, however, that "inasmuch as manufacturers in Haverhill specialize in women's and misses' shoes, sandals, and slippers, it is probable that they feel the competition from Czechoslovakian imports more keenly than other shoe manufacturing centers."

The table that accompanied this report I myself analyzed and am inclosing a copy herewith for your information.

Naturally, you will be interested in knowing what can be done to check this flow of imports from Czechoslovakia and thereby retain the market for women's and misses' shoes for domestic manufacturers.

A tariff bill providing for a sufficiently high tariff duty upon these particular kinds of specialties in women's and misses' shoes and slippers could alone result in checking imports. Such a bill must, under our Constitution, originate in the House of Representatives. It is very unlikely that any favorable action could be expected during the present session on such a measure, as it was practically agreed earlier in the

session by the administration leaders not to pass any tariff bills during the present session.

If anything further occurs to you that I can do to be helpful to the manufacturers of Haverhill, you will, of course, call upon me. In the meantime I shall keep in touch with the flow of imports and let you know whether the sharp increase in recent months is continuing.

Sincerely yours,

DAVID I. WALSH.

ANALYSIS OF SHOE IMPORT TABLE

By United States Senator DAVID I. WALSH

The table prepared by the United States Tariff Commission shows the number of pairs of shoes both free and dutiable imported for the year 1926-27 and January and February, 1928, from all countries. All shoes and slippers made of leather are duty free.

The percentage of imports of shoes is small compared with the production and consumption in America. It is estimated that 343,605,905 pairs of shoes were made last year in America. The total imports of about 3,000,000 pairs of shoes in 1927 is less than 1 per cent of the domestic production. The table also contains the number of pairs of shoes imported from Czechoslovakia, and it is to be noted that Czechoslovakian imports have steadily grown and that there was imported from that country in January and February of this year 50 per cent

of all shoes imported, as compared with about 10 per cent of the shoes imported in 1926 and 25 per cent in 1927.

Practically the entire increase in imports from Czechoslovakia have been women's and misses' shoes and slippers. The number of pairs of women's and misses' shoes have increased from an average of 10,000 pairs a month in 1926 to an average of 120,000 pairs of shoes a month in the early part of 1928.

Another striking feature of this statement is that Czechoslovakia sent to America 70 per cent of all the women's and misses' shoes imported and 74 per cent of all sandals imported. In 1926 Czechoslovakia's percentage of imports of all shoes shipped to America was 11 per cent and in the early months of 1928 her total imports of all shoes was 48 per cent, showing that that country is doing one-half the entire import shoe business with America.

While the volume of all imports when compared with domestic production is exceedingly small, yet as pointed out in the letter from the United States Tariff Commission the imports affect the business of the shoe manufacturers of Haverhill, which is largely devoted to specialties in women's and misses' shoes.

The United States Tariff Commission also inform me that the exports of shoes has varied little, averaging between six and seven million pairs in recent years. Figures for recent months, however, show a considerable falling off, in the last three months amounting to 50,000 pairs less than a year ago.

BOOTS AND SHOES

United States imports for consumption of boots and shoes from all countries compared with imports of boots and shoes from Czechoslovakia to the United States

		1926					1927				
		Pairs	Value	Value per pair	Per cent of increase (+) or decrease (-) over previous year		Pairs	Value	Value per pair	Per cent of increase (+) or decrease (-) over previous year	
					Pairs	Value				Pairs	Value
Total imports	free	1,448,358	\$3,702,801	\$2.55	44.67	44.39	1,940,030	\$5,607,728	\$2.89	33.95	51.45
	dutiable	919,844	332,844	.36	5.63	-3.76	1,061,800	309,086	.29	15.43	-7.14
Total		2,368,202	4,035,645	1.53	19.86	38.67	3,001,830	5,916,814	1.97	26.76	46.61
Totals by shoe classifications:											
Men's and boys'	free	241,385	1,150,487	4.76	-22.30	-7.17	306,473	1,562,270	5.09	26.96	35.79
Women's and misses'	do	506,041	1,913,627	3.78	85.41	87.35	982,127	3,235,213	3.29	94.08	69.06
Children's	do	332,163	322,237	.97	43.37	90.78	188,987	402,323	2.12	-43.10	24.85
Slippers	do	368,469	316,187	.86	104.28	141.57	462,443	407,922	.88	25.50	29.01
Other	do	300	263	.87	-94.56	-93.06					
Uppers of fabrics	dutiable	919,844	332,844	.36	-5.63	-3.76	1,061,800	309,086	.29	15.43	-7.14
Total		2,368,202	4,035,645	1.53	19.86	38.67	3,001,830	5,916,814	1.97	26.76	46.61
From Czechoslovakia:											
Men's and boys'	do	11,681	25,290	2.16	95.55	142.45	10,329	24,568	2.37	-11.57	-2.85
Women's and misses'	do	129,293	311,522	2.40			521,875	1,182,790	2.26	303.64	279.68
Children's	do	33,288	23,570	.71			15,794	32,178	2.03	-52.55	36.52
Slippers	do	100,247	101,949	1.01	279.40	238.87	179,258	203,215	1.13	78.82	99.33
Uppers of fabrics	dutiable	3,997	1,853	.46	-54.45	-69.83	11,196	4,383	.39	180.11	136.54
Total, free and dutiable		278,506	464,184	1.66	124.04	151.09	738,452	1,447,134	1.95	165.15	211.76
Percentage which imports from Czechoslovakia are of total imports											
Men's and boys'		11.76	11.50				24.60	24.46			
Women's and misses'		4.84	2.20				3.37	1.57			
Children's		25.55	16.28				53.13	36.56			
Slippers		10.02	7.31				8.36	8.00			
Uppers of fabrics		27.21	32.24				38.76	49.82			
Other		.43	.56				1.05	1.42			

1928 (January and February) ¹											
		Pairs	Value	Value per pair	Per cent of increase (+) or decrease (-) over previous year		Pairs	Value	Value per pair	Per cent of increase (+) or decrease (-) over previous year	
					Pairs	Value					
Total imports	free	513,007	\$1,411,435	\$2.75	63.94	72.19					
	dutiable	110,226	21,043	.19	-13.24	-42.08					
Total		623,233	1,432,478	2.29	41.65	67.34					
Total by shoe classifications:											
Men's and boys'	free	42,077	219,878	5.22	32.47	21.73					
Women's and misses'	do	336,375	968,702	2.87	189.46	109.42					
Children's	do	63,340	140,974	2.22	103.03	95.73					
Slippers	do	71,215	81,881	1.14	-46.76	-21.68					
Other	do	110,226	21,043	.19	-13.24	-42.08					
Total		623,233	1,432,478	2.30	41.65	67.34					

¹ Figures for January and February, 1928, have been compared with similar period in 1927.

BOOTS AND SHOES—continued

United States imports for consumption of boots and shoes from all countries compared with imports of boots and shoes from Czechoslovakia to the United States—Continued

	1928 (January and February)				
	Pairs	Value	Value per pair	Percent of increase (+) or decrease (—) over previous year	
				Pairs	Value
From Czechoslovakia:					
Men's and boys'.....	2,880	\$5,463	\$1.89	452.78	388.64
Women's and misses'.....	235,594	529,288	2.24	478.83	468.83
Children's.....	11,160	16,889	1.51	1,622.22	2,796.91
Slippers.....	52,786	60,485	1.14	42.92	80.92
Uppers of fabrics.....	640	388	.60	-83.88	62.84
Total, free and dutiable.....	303,060	612,513	2.02	266.13	373.90
Percentage which imports from Czechoslovakia are of total imports.....	48.63	42.76			
Men's and boys'.....	6.84	2.48			
Women's and misses'.....	70.04	54.64			
Children's.....	17.62	11.98			
Slippers.....	74.12	73.87			
Uppers of fabrics.....	.58	1.84			

Domestic production of shoes

Total pairs of shoes manufactured in United States in 1927.....	343,605,905
Men's.....	95,328,098
Boys' and youths'.....	24,229,296
Women's.....	116,258,866
Misses' and children's.....	39,649,961
All others.....	68,139,684

Domestic exports, boots and shoes, 1927 and 1928
NUMBER OF PAIRS

	Men's and boys'	Women's	Children's	Slippers	Athletic, etc.	Total pairs
1927						
January.....	261,060	160,086	69,827	16,499	5,003	512,475
February.....	170,839	145,472	80,428	6,633	5,081	408,453
March.....	252,225	185,687	121,046	10,384	7,210	576,552
April.....	270,521	185,469	139,071	21,296	10,095	626,452
May.....	250,669	186,058	149,702	20,612	5,318	612,359
June.....	260,794	196,303	134,318	17,630	5,361	614,406
July.....	194,527	167,757	93,579	30,265	8,568	494,696
August.....	147,626	120,392	68,798	28,380	8,533	373,729
September.....	130,355	121,924	59,849	21,909	3,064	337,101
October.....	158,213	135,361	82,371	44,695	5,639	426,279
November.....	182,186	165,798	85,119	45,350	4,356	482,809
December.....	196,005	130,061	55,371	26,221	5,391	413,049
Total.....	2,475,020	1,900,368	1,139,479	289,874	73,619	5,878,390
1928						
January.....	252,225	185,687	121,046	10,384	7,210	576,552
February.....	129,350	136,080	37,275	14,105	2,783	319,593
March.....	223,269	100,934	83,617	22,166	6,634	436,620

REPORTS OF COMMITTEES

Mr. BINGHAM, from the Committee on Military Affairs, to which was referred the bill (H. R. 8963) for the relief of Richard H. Beier, reported adversely thereon and moved that the bill be indefinitely postponed, which was agreed to.

Mr. ODDIE, from the Committee on Naval Affairs, to which was referred the bill (S. 2802) to provide for the appointment of five midshipmen each year at large by the Vice President of the United States, reported it with amendments and submitted a report (No. 886) thereon.

Mr. REED of Pennsylvania, from the Committee on Military Affairs, to which was referred the bill (H. R. 11134) to authorize appropriations for construction at military posts, and for other purposes, reported it with amendments and submitted a report (No. 892) thereon.

Mr. BRATTON, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 3874) authorizing appropriations of funds for construction of a highway from Red Lodge, Mont., to the boundary of the Yellowstone National Park near Cooke City, Mont., reported it without amendment and submitted a report (No. 885), thereon.

Mr. TYDINGS, from the Committee on Naval Affairs, to which was referred the bill (H. R. 5746) to authorize the appraisal of certain Government property, and for other purposes, reported it without amendment and submitted a report (No. 887) thereon.

Mr. HALE, from the Committee on Naval Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

A bill (H. R. 5465) to amend section 1571 of the Revised Statutes to permit officers of the Navy to count duty on airships as sea duty (Rept. No. 888); and

A bill (H. R. 5531) to amend the provisions contained in the act approved August 29, 1916, relating to the assignment to duty of certain officers of the United States Navy as fleet and squadron engineers (Rept. No. 889).

Mr. HALE also, from the Committee on Naval Affairs, to which was referred the concurrent resolution (S. Con. Res. 11) to investigate the problem of the control of aircraft for seacoast defense, reported it with an amendment and submitted a report (No. 890) thereon.

Mr. METCALF, from the Committee on Naval Affairs, to which was referred the bill (H. R. 21) to provide for date of precedence of certain officers of the staff corps of the Navy, reported it without amendment and submitted a report (No. 891) thereon.

Mr. WATERMAN, from the Committee on Naval Affairs, to which was referred the bill (H. R. 10276) providing for sundry matters affecting the naval service, reported it without amendment and submitted a report (No. 894) thereon.

Mr. CARAWAY, from the Committee on the Judiciary, to which was referred the bill (S. 4179) to amend the corrupt practices act by extending the same to candidates for nomination and election to the offices of Representative and Senator in the Congress of the United States, and for other purposes, reported it without amendment and submitted a report (No. 895) thereon.

HARRY C. BRADLEY

Mr. CARAWAY. From the Committee on Claims I report back favorably with an amendment the bill (S. 433) for the relief of Harry C. Bradley and I submit a report (No. 884) thereon. I call the attention of the senior Senator from New Mexico [Mr. BRATTON] to the bill.

Mr. BRATTON. I ask unanimous consent for the present consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole.

The amendment was to strike out all after the enacting clause and in lieu thereof to insert:

That in the administration of the employees' compensation act of September 7, 1916, as amended by the act of February 12, 1927, the Employees' Compensation Commission is authorized and directed, in connection with any application which has been or may be filed by Harry C. Bradley, now a clerk in the United States land office at Las Cruces, N. Mex., to consider that he contracted tuberculosis in the service of the United States.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

A. ROY KNABENSHUE

Mr. BAYARD. On the 21st instant the House passed House bill 11764 conferring jurisdiction upon the Court of Claims or the district courts of the United States to hear, adjudicate, and enter judgment on the claim of A. Roy Knabenshue against the United States for the use or manufacture of an invention, and so forth. Yesterday afternoon the Senate passed an iden-

tical bill (S. 3809). From the Committee on Claims I report back House bill 11764 without amendment, and I submit a report (No. 893) thereon. I ask for the immediate consideration of the House bill.

Mr. KING. Let it be read.

The bill (H. R. 11764) conferring jurisdiction upon the Court of Claims of the United States or the district courts of the United States to hear, adjudicate, and enter judgment on the claim of A. Roy Knabenshue against the United States for the use or manufacture of an invention of A. Roy Knabenshue, covered by Letters Patent No. 858875, issued by the Patent Office of the United States under date of July 2, 1907, was read.

Mr. OVERMAN. It seems to me that this is unusual.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The Chair will state to the Senator from North Carolina that a Senate bill in identical terms was passed by the Senate yesterday.

Mr. KING. Let me make an inquiry in line with the suggestion made by the Senator from North Carolina. My understanding is that the Court of Claims finds the facts and then an appropriation by Congress is required.

Mr. BAYARD. That is always the case. The Court of Claims finds the facts and determines the amount.

Mr. KING. Does it render judgment?

Mr. BAYARD. It renders judgment; but the judgment is of no value until an appropriation is made.

There being no objection, the bill was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

Mr. BAYARD. I move that Senate bill 3809 be recalled from the House.

The PRESIDING OFFICER. Without objection, that order will be entered.

MISSOURI RIVER BRIDGE BETWEEN COUNCIL BLUFFS, IOWA, AND OMAHA, NEBR.

Mr. DALE. From the Committee on Commerce, I report back favorably without amendment the bill (S. 3693) authorizing the city of Council Bluffs, Iowa, and the city of Omaha, Nebr., or either of them, to construct, maintain, and operate a free highway bridge across the Missouri River between Council Bluffs, Iowa, and Omaha, Nebr., and I submit a report (No. 896) thereon. I call the attention of the junior Senator from Nebraska [Mr. HOWELL] to the bill.

Mr. HOWELL. I ask unanimous consent for the immediate consideration of the bill. It is a bridge bill in the usual form.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, and it was read, as follows:

Be it enacted, etc., That in order to facilitate interstate commerce, improve the postal service, and provide for military and other purposes, the city of Council Bluffs, a municipal corporation of the State of Iowa, and the city of Omaha, a municipal corporation of the State of Nebraska, or either of them, are hereby authorized to construct, maintain, and operate a free highway bridge and approaches thereto across the Missouri River, at a point suitable to the interests of navigation, between Council Bluffs, Iowa, and Omaha, Nebr., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. There are hereby conferred upon the city of Council Bluffs and the city of Omaha, or either of them, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

ENROLLED BILL PRESENTED

Mr. GREENE, from the Committee on Enrolled Bills, reported that this day that committee presented to the President of the United States the enrolled bill (S. 1181) authorizing an appropriation to be expended under the provisions of section 7 of the act of March 1, 1911, entitled "An act to enable any State to cooperate with any other State or States, or with the United States, for the protection of the watersheds of navigable streams,

and to appoint a commission for the acquisition of lands for the purpose of conserving the navigability of navigable rivers," as amended.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TYSON:

A bill (S. 4205) granting an increase of pension to Amanda C. Manners (with accompanying papers); to the Committee on Pensions.

By Mr. HEFLIN:

A bill (S. 4206) authorizing the Director of the Census to collect and publish certain additional cotton statistics; to the Committee on Agriculture and Forestry.

By Mr. GEORGE:

A bill (S. 4207) to authorize the reappointment of George Edwin Penton as second lieutenant in the United States Army; to the Committee on Military Affairs.

By Mr. HALE:

A bill (S. 4208) for the relief of Henry Stanley Wood; to the Committee on Finance.

By Mr. CUTTING:

A bill (S. 4209) to amend the World War veterans' act, 1924; to the Committee on Finance.

By Mr. BLAINE:

A bill (S. 4210) to amend the World War veterans' act, 1924; to the Committee on Finance.

By Mr. NORBECK:

A bill (S. 4211) to amend section 5153 of the Revised Statutes, as amended; to the Committee on Banking and Currency.

By Mr. JOHNSON:

A bill (S. 4212) for the relief of John Davidson; to the Committee on Naval Affairs.

A bill (S. 4213) for the relief of James E. O'Donnell; and

A bill (S. 4214) to confer jurisdiction on the Court of Claims to ascertain the damage by the United States to real property of the Mack Copper Co., a corporation and to render judgment therefor as herein provided; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 4215) granting an increase of pension to Lillian P. Dowdney; to the Committee on Pensions.

By Mr. REED of Pennsylvania:

A bill (S. 4216) to authorize the adjustment and settlement of claims for armory drill pay;

A bill (S. 4217) to authorize the removal of the Aqueduct Bridge crossing the Potomac River from Georgetown, D. C., to Rosslyn, Va.; and

A bill (S. 4218) to authorize the President to present the distinguished-flying cross to Ehrenfried Gunther Von Huenefeld, James C. FitzMaurice, and Hermann Koehl; to the Committee on Military Affairs.

A bill (S. 4219) granting an increase of pension to Julia A. Elwell (with an accompanying paper); to the Committee on Pensions.

By Mr. ROBINSON of Indiana:

A bill (S. 4220) granting an increase of pension to Rebecca A. Buschbaum (with accompanying papers); to the Committee on Pensions.

By Mr. THOMAS:

A bill (S. 4221) for the relief of John Martin; to the Committee on Military Affairs.

A bill (S. 4222) to authorize the creation of Indian trust estates, and for other purposes; to the Committee on Indian Affairs.

By Mr. McKELLAR:

A bill (S. 4223) to erect a monument to the memory of Gen. William Campbell in Smythe County, Va.; to the Committee on the Library.

By Mr. DALE:

A bill (S. 4224) granting a pension to Sarah C. Morse (with accompanying papers); to the Committee on Pensions.

By Mr. McKELLAR:

A joint resolution (S. J. Res. 137) prohibiting the maintenance of marines or troops in Nicaragua after February 1, 1929, except for certain purposes; to the Committee on Foreign Relations.

AMENDMENTS TO BOULDER DAM BILL

Mr. PHIPPS submitted three amendments intended to be proposed by him to Senate bill 728, the so-called Boulder Dam bill, which were ordered to lie on the table and to be printed.

MUSCLE SHOALS DAM NO. 2

Mr. McKELLAR. Mr. President, I ask unanimous consent to have printed in the RECORD a letter addressed to me by Mr. J. L. Meeks, publisher of the Florence Times-News, of Florence,

Ala., relative to the Government power facilities at Muscle Shoals Dam No. 2.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE FLORENCE TIMES-NEWS,
Florence, Ala., April 21, 1928.

Senator KENNETH McKELLAR,

Senate Office Building, Washington, D. C.

MY DEAR SENATOR: It appears that the Alabama Power Co. is attempting to bottle up the Government power facilities at Muscle Shoals Dam No. 2, according to recent maneuvers, and therefore we believe that it is highly important that you should be informed of the situation before the present term of Congress is consigned to history with the record written again that this branch of our Government is unable to settle a business proposition of this character.

Attached to this letter you will find an article which appeared in this week's issue of the Florence Herald, a newspaper which has not been especially antagonistic to the power company, setting forth plans of the company for the extension of their lines into the eastern and north-eastern section of Lauderdale County. There is also attached copy of a rough map of the county upon which are marked this and other proposed developments of the power company on the north side of the Tennessee River. On the south side of the river, the company already owns all transmission facilities and rights of way, as well as the line from Gorgas into the heart of the Government's projects here.

At the western edge of the county you will note the site of the proposed dam near Bear Creek, and markings from that point toward Florence denoting rights of way. All necessary land on both sides of the river near Bear Creek have already been purchased by the Alabama Power Co., and practically all the rights of way for transmission lines eastward have also been purchased on both sides of the river. These purchases are reported to aggregate more than half a million dollars.

You will note markings denoting rights of way from Dam No. 2 northward through St. Florian to the Tennessee line. It is reported that by this the power company intends to connect with the Tennessee Power Co., although it is understood that no authority has been granted for this purpose by the Alabama Public Service Commission.

You will also note the route marked, denoting the proposed extension referred to in the Florence Herald, which goes eastward to Killen and Rogersville and loops back to St. Florian.

These lines appear to encircle almost completely the Government's plants for generating power at Muscle Shoals, and would, no doubt, interfere seriously with any effort in the future for distribution of power, either in the adjacent region or at a distance by any other company than the Alabama Power Co., or by the Government.

The article in the Florence Herald states that the Alabama Power Co. expects to have the line into East Lauderdale completed by fall, in time to furnish power to the cotton gins; therefore it appears that if Congress fails to take some sort of definite action before adjournment in June there will be new difficulties presented when the question comes up again for consideration. It does not appear reasonable that this latest proposed extension of the Alabama Power Co. lines could be undertaken because of any possibility of direct profits from the sale of electricity, either now or for many, many years in the future; therefore we must assume that the undertaking is merely another maneuver in their fight to secure Muscle Shoals for selfish gain.

If the Government is faced with such maneuvers by an unscrupulous industry, would it not be better for Congress to enact an amended Morin bill with a view toward altering it at future sessions as necessity or experience may dictate, rather than to permit this 10-year-old debate to be made even more complicated by the strategy of the power company?

Very respectfully,

J. L. MEEKS,
Publisher the Florence Times-News.

ROGERSVILLE MAY HAVE ELECTRIC SERVICE SOON—OTHER COMMUNITIES WOULD ALSO BE SERVED

Contingent only upon the granting of a franchise by the authorities of Rogersville, one of the most important developments of recent years in Lauderdale County is assured through the extension of electric service to all communities and persons desiring it along the Lee Highway between Florence and Rogersville.

The installation of a transmission line to serve this section of the county is projected by the Alabama Power Co., and it is hoped to have it in operation by September 1, in time to serve a number of cotton gins which desire to operate by electric power this fall, as well as other prospective customers.

According to definite plans which have been worked out, the main line would serve persons in the vicinity of Shoals Creek bridge, in Killen, Center Star, Cross Roads, and Rogersville, as well as all farmers along the highway who desire light or power, or both.

After the main line is in operation it is expected that branch lines would later be constructed to St. Florian, Anderson, and Lexington, as well as intermediate communities and farm homes, so that within a

comparatively short time a network of electric lines would traverse a large portion of the eastern end of the county.

Those receiving service would be granted the same rates as have been established by the public service commission for other customers similarly situated throughout Alabama, who now number several thousand and are rapidly increasing.

At a mass meeting in Rogersville on Monday night, the large number of citizens present voted almost unanimously in favor of granting the franchise sought, and the matter will probably be acted upon by the city authorities soon.

Progressive citizens of the various communities included in the plan are said to be enthusiastic over the prospect of securing this modern facility at reasonable rates. Enough prospective customers are already in sight to warrant the building of the line in case the Rogersville franchise can be obtained, as now seems assured.

Customers would have the benefit of a 24-hour service, as efficient in every respect as is enjoyed by the larger communities of the State, thus having brought to their homes and places of business all the comforts, conveniences, and economies which modern electric service affords.

It is believed that all those interested in securing these benefits will gladly cooperate with the power people in their efforts to promptly provide dependable electric service, which is now considered indispensable in a progressive community.—(From the Florence (Ala.) Herald, weekly, Friday, April 20.)

LETTER OF CHARLES B. BREWER

Mr. BLACK. Mr. President, several days ago the Senator from Pennsylvania [Mr. REED] referred to a charge made by some person about Liberty bonds, and the person to whom he referred was a citizen of Alabama. He has written a letter to me explaining the circumstances of the Liberty bonds being issued by the Secretary of the Treasury, and I desire to have the letter inserted in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD as follows:

WASHINGTON, D. C., April 21, 1928.

Hon. HUGO L. BLACK,

United States Senate, Washington, D. C.

Subject: Correction of RECORD regarding Liberty bonds.

MY DEAR SENATOR: Would you be kind enough to have correction made to the CONGRESSIONAL RECORD of March 22, 1928, page 5152, concerning certain statements made in the Senate by Senator REED of Pennsylvania relative to the investigation of fraudulent practices in Liberty bonds, which statements were largely the same as Mr. Andrew W. Mellon's when testifying as to his connection with the Hays-Sinclair bonds in the oil scandal.

There is no question as to the results of the investigation being entirely contrary to oft-repeated statements concerning it. It was covered not only by one but by two majority reports by four of the five members of the select committee of Congress, all members of the Banking and Currency Committee. (It is report No. 1635, Sixty-eighth Congress, second session, and appears also in CONGRESSIONAL RECORD, pages 5578-5586, daily; and 5536-5544, bound volume.)

One of the majority reports was signed by Congressmen KING, Illinois; STEAGALL, Alabama; STEVENSON, South Carolina; dated March 2, 1925. (One Republican and two Democrats.)

The other, a unanimous report of the subcommittee, "was submitted and approved January 7, 1925," by "a subcommittee consisting of Mr. McFADDEN, Mr. KING, and Mr. STEAGALL," as stated in last paragraph of report of March 2, and printed with it as Exhibit A, because of a "statement" by Mr. McFADDEN. (Two Republicans and one Democrat.)

Senator REED of Pennsylvania referred to "charges of some person that Liberty bonds had been issued in duplicate," and stated:

"It was proven, as we all remember, that . . . there had been no overissue. The whole thing was cleared up I think to everybody's satisfaction.

"The only guilt in issuing Liberty bonds during the war had been on the part of the numbering machines which every once in a while slipped its gears and made duplicate numbers."

It is a fact well known to all who saw the duplicates, including many Members of Congress and the Senate, that identical numbers on practically all the pairs of bonds found duplicated were printed from different fonts of type. One bond would bear numerals of long, thin type, and its duplicate would have fat, squat type. The proportion of duplicates occasioned by the slipping of the numbering machines were "negligible and inconsequential," said both Mr. McFADDEN's unanimous reports and Mr. KING's majority report.

Both these reports also stated:

"Duplicate bonds amounting to 2,314 pairs, and duplicate coupons amounting to 4,698 pairs, ranging in denominations from \$50 to \$10,000, have been redeemed to July 1, 1924. . . . The statement as to coupons includes only one for each bond.

"Some of the duplications have resulted from error and some from fraud.

"The extent of the duplications is also uncertain from the record as far as it has gone, and an important part of the work by which duplication is detected was stopped by the Treasury July, 1924." (Par. 1, both reports.)

Both Mr. McFADDEN's and Mr. KING's reports referred to Mr. Mellon's letter to the President on duplicate bonds as "incomplete," "contradictory," and "evasive," and continued: "The main part of the proof offered to show the duplication resulted from error was demolished by the committee discovering within the Treasury Department many of the very bonds which the Secretary's report [Mr. Mellon's] 'claimed had never been printed.'" (Par. 3, Mr. McFADDEN's subcommittee report.)

When the Treasury's defense relative to the slipping of the numbering machines was exploded by recovering some of the duplicate bonds which had not been destroyed (as most of them had been and were being when President Harding stopped such destruction), and these recovered bonds showed that type of entirely different character had been used in the numbering, the Treasury then set up a new defense. This defense was that errors had been made by printing incorrect numbers, and claimed this was proven by the fact that many bonds which should have appeared in the sequence of numbers had never been surrendered. This defense was called the "allocation" of numbers. Regarding this, Mr. McFADDEN's subcommittee report stated:

"The committee discovered some of these 'allocated' bonds, which had been paid, had been in the Treasury for four years at the time the Secretary's report of April 26, 1924, told the President" [President Coolidge] "they did not exist." (Par. 3, Mr. McFADDEN's subcommittee report.)

Continuing, Mr. McFADDEN's subcommittee report stated:

"The committee also discovered that other such bonds are continuing to appear and are being paid. 4. The possibility of a proper balance of the books is precluded by matters shown by the Treasury records."

On the same subject Mr. KING's majority report stated:

"This allocation of set-off numbers is merely a guess, and that it is totally unreliable is rendered patent by the subsequent appearance of the bonds with those very numbers and their payment by the Treasurer. We can not escape the conclusion that there is a considerable duplication in bonds (not merely numbers) and that the whole public debt should be audited." (Par. 3.)

Continuing, later, in the same paragraph, Mr. KING's majority report states:

"The fact that many of the bonds are destroyed, making it impossible to tell which were honest and which were spurious when duplicate numbers are presented, emphasizes the importance of the issue as to destruction of the bonds."

Mr. McFADDEN's subcommittee report as to destroying the bonds states "destruction of bonds was prosecuted in haste and that destruction records are not dependable.

"7. That the bonds were destroyed in violation of law, of regulations, and of presidential order, and the best evidence of duplication thus removed."

Mr. KING's majority report uses the identical words, except for "prosecuted" the word "conducted" is used and the word "best" is omitted, making it read, "and the evidence of duplication thus removed."

On the subject of destruction, Mr. KING's majority report sets out a letter to Mr. Mellon from President Harding, as follows:

DECEMBER 19, 1921.

MY DEAR MR. SECRETARY: I talked with you this morning over the telephone about suspending the destruction of bonds which have been exchanged for new ones, etc., and was greatly pleased to have your assurance that this destruction would be permanently suspended. I think this administration ought to take that course as the surest means of self-defense.

"These bonds will not require any very extended storage space, and we will have a very valuable refutation of neglect on the part of this administration if these exchanged securities and other questionable cancellations are preserved for future reference and inspection.

"I trust you will make the order a very explicit one and allow no variation therefrom."

Very sincerely,

WARREN G. HARDING.

THE SECRETARY OF THE TREASURY,

Washington, D. C.:

Mr. KING's majority report, signed by himself, Congressman STEAGALL, and Congressman STEVENSON, after setting forth the above letter, continued thus:

"Notwithstanding this letter, destruction was continued until President Harding again, in April, 1922, demanded that it be stopped, when destruction was finally stopped."

The report was then continued by setting forth a portion of a letter of April 26, 1924, written by Mr. Mellon to President Coolidge, as follows:

"It is true that during the latter part of June, 1921, Mr. Brewer personally called on the Secretary of the Treasury and urgently suggested, among other things, that destruction be suspended. There were not at that time, however, any orders or instructions of any kind from the President on the subject of destruction, and the Secretary of the Treasury did not agree with Mr. Brewer that destruction should be stopped, nor did he issue any instructions himself."

Immediately following the quotation of this letter Mr. KING's majority report continues:

"After June, 1921, there were about \$10,000,000,000 worth of securities destroyed." (Paragraph 10, majority report.)

Mr. McFADDEN's subcommittee report, commenting on such destruction, states:

"Authority to destroy bonds was repealed in 1919.

"Since then any such destruction was in violation of the United States Criminal Code." (Paragraph 12, subcommittee report.)

Mr. KING's majority report sets forth the law in detail showing, unless express authority of Congress was obtained, no right existed to destroy bonds, money, etc., and added:

"The criminal law also prohibits it." (Paragraph 10, majority report.)

The majority report then set out the penalties of fine and imprisonment and, in case of an officer in charge, quoted the provision that such officer "shall, moreover, forfeit his office and be forever afterwards disqualified from holding any office under the Government of the United States." (Paragraph 10, majority report.)

There were two of the members of the subcommittee who were lawyers and the three members signing the majority report were also lawyers (two of them the same). Both the majority report and subcommittee report referred to a lengthy defense set up by Mr. Mellon in a 200-page printed book, which he styled his "letter" to the President, which he sent broadcast to thousands of banks and others over the country. Among the abusive language which he employed he set up the same defense made by him before Senator NE'E's hearing on the "oil scandal" (as reported by the New York Times of March 14, 1928, but not carried by the local press).

It was also the same defense which Senator REED of Pennsylvania set forth in the CONGRESSIONAL RECORD of March 22, 1928.

This defense, as well as all the other contents of the 200-page "letter" of Mr. Mellon, and also as well as his annual report and other reports by him and his Undersecretary, was given "most careful consideration," both by Mr. McFADDEN's subcommittee and by Mr. KING's majority committee (preamble of each report) and is the particular report which Mr. McFADDEN's subcommittee styled as "incomplete, contradictory, and evasive," as recited earlier herein.

With this defense and Mr. Mellon's other defenses before them, and relying not on what "some person" charged, as stated by Senator REED of Pennsylvania, both the subcommittee of Mr. McFADDEN and majority committee of Mr. KING, relying on "its examination of Treasury reports and records and the testimony of Treasury officials and employees," stated: "Your committee finds that * * *." And after a careful analysis of their findings regarding duplicate bonds and abuses in the buying and selling of Liberty bonds and reporting indicated losses of \$24,000,000, \$28,000,000, and \$60,000,000 the reports were summarized thus—

"16. The committee has stated herein that the evidence discloses:

"1. That there has been duplication of bonds, some fraudulent, the proportion not yet determined;

"2. That the report of the Treasury relative thereto is incomplete, contradictory, and evasive; and proof it offered to show innocent error was demolished;

"3. That records have been falsified; extent of same unknown;

"4. That indifference to duplications has been prevalent;

"5. That legal remedies have been neglected in the payment of duplicates;

"6. That destruction of bonds was prosecuted in haste and that destruction records are not dependable;

"7. That the bonds were destroyed in violation of law, of regulations, and of presidential order, and the best evidence of duplication thus removed;

"8. That under a theory of economy; evidence, not destroyed, has been rendered useless and the Government thus deprived of its main safeguard against future fraud;

"9. That the will of Congress has been overridden by connivance in the repurchase and sale of millions of dollars of bonds;

"10. That questionable methods were employed in handling these funds;

"11. That substantial, actual losses to the Government has resulted; and

"12. That the extent of these losses has been rendered uncertain by failure of records to agree." (Par. 16, Mr. McFADDEN's subcommittee report; also par. 13, Mr. KING's majority report, except for a word here and there.)

The committee appealed in vain to be allowed to complete its investigation, ascertain the extent of losses and recover them. Its head

was cut off two days after it made its report. It is quite clear, however, the question was not "cleared up," as Senator REED of Pennsylvania states, "to everybody's satisfaction."

I know it to be a fact that it was not to the satisfaction of those signing the report so freely quoted herein.

There was a fifth member of the committee, Representative STRONG of Kansas. He did not agree either with the majority report of Congressmen KING, STEAGALL, and STEVENSON or with the unanimous subcommittee report approved by Congressmen MCFADDEN, the chairman, KING, and STEAGALL in a short "Statement of Mr. STRONG," made at the time.

WHAT HAPPENED TO THE "PROSECUTOR"

After 29 years of service, begun under Mr. Secretary Herbert in the Cleveland administration, including an Executive reinstatement by President Roosevelt, solely on my past record ending with chief draftsman of construction, Navy; after promotion to "attorney for the United States," under President Wilson's administration; after two years' service on this very investigation, directly under the personal supervision of President Harding; after reinstatement at the personal direction of President Coolidge as-of-the-next-morning following a "discharge" by Harry M. Daugherty in an attempt to stop the investigation; after continuing the investigation as personally ordered by President Coolidge and serving as counsel to the Congressional Bond Committee as personally directed by Mr. Justice Stone, then Attorney General; after all this, I was deprived of my position in violation of the principles of the civil service laws (under which status I came) to hush up this scandal.

There had never been a charge against my record. My sole offense was that a matter, of which I had never heard and which came to the Department of Justice from the outside in the regular way, which I was directed by the acting Attorney General to pursue, was pursued and was not smothered when it led into channels with power to bring pressure to stop it.

A duly constituted committee of Congress said I was right—that these charges from the outside which I reported as true, were true. It went further; it said that the Treasury records were falsified to prevent the truth from being discovered.

Through the tyrannical exercise of power by Andrew W. Mellon over the Department of Justice, over which he is supposed to have nothing to do, I was removed after refusing a direct offer of a continuance of my position if I would use my influence with the Congressional Bond Committee to have their report suppressed. The offer came from one who has demonstrated his ability to have made it good.

Since, with this administration, might makes right, the action may be right.

In his annoyance at the condemnation of the congressional committee, Mr. Mellon spread defamatory matter about the writer the length and breadth of the land with the evident purpose, of course, of detracting attention from the findings of the committee. Redress for this was refused by the courts, which upheld the doctrine that a high official may say whatever he will, even knowing at the time that what he says is both false and malicious if he first incorporate it in an official letter.

That being the law, I also bow to it.

But certainly as a citizen, if there be a vestige of liberty left, I should not be required to see the official organ of the Congress spread upon its pages statements entirely contrary to the findings of the only authorized agency which Congress directed to look into the matter—the select bond committee (pursuant to H. Res. 231, 68th Cong., 2d sess.).

Very respectfully,

CHAS. B. BREWER.

NAVAL APPROPRIATIONS

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 12286) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1929, and for other purposes, the pending question being on the amendment of Mr. BLAINE, as modified.

Mr. BRATTON. Mr. President, the President is the Commander in Chief of the Army and Navy of the United States. He is made so by section 2 of Article XI of the Constitution. In that capacity he is vested with certain powers and is authorized to perform certain official acts. I think that under that constitutional authority, coupled with the established precedents, he has the power, in the absence of any action on the part of the Congress, to cause the armed forces of the United States to be landed upon foreign soil for temporary purposes in cases of emergency, but only to insure temporary protection to nationals with respect to their lives and property. The exercise of this power has the sanction of well-recognized rules of international law as well as the Monroe doctrine. So long as the power is exercised in this guarded manner there can be no criticism. No other course would conform to the safety of the lives and property of our nationals or the nationals of other

countries who are entitled to protection under the Monroe doctrine as we have declared and interpreted it. That is not aggressive warfare. It is merely the exercise of the necessary steps to protect nationals against danger occasioned by the lack of stability on the part of the domestic government.

The power to declare war is expressly vested in the Congress. It is thus vested by section 8 of Article I of the Constitution. These two functions are entirely separated and dissociated from each other. There should be little or no difficulty in distinguishing them. Under the solemn language of the Constitution active and continued warfare can be waged by our country in no other way. To do so under the guise of protecting life and property in an emergency situation is to abort the Constitution. It is subversive of our form of government. Any such departure from the plain language of the Constitution will never meet with the approval of the American people. They demand government under constitutional authority, not despite it.

With these general statements of recognized principles, I address myself to the several pending amendments having to do with our present situation in Nicaragua. I did not approve landing the marines there. I thought our action was unwise, unjust, and not sustained by the facts when measured by precedents or authority. It was my firm belief that no emergency existed sufficient to demand such action on our part. I believed then and now that neither life nor property was jeopardized sufficiently to warrant that action. I express my emphatic disapproval of the action thus taken. Neither do I desire to be understood as condoning what has gone before. I do not do so. But, Mr. President, the marines were sent there. They have remained there for many months. It is the present and future with which the proposed amendments to the pending appropriation bill deal—not the past. After the marines thus were landed an understanding, called the Stimson agreement, was entered into. The two parties in Nicaragua, the Conservatives and the Liberals, as well as the United States were parties thereto. It was a tri-party compact. It provided that the marines should be kept in Nicaragua until the election is held in October for the purpose of seeing that the election is conducted fairly and honestly. That agreement provided that upon the strength of our obligation to maintain the marines there, thus affording protection, the two contending factions should cease waging war upon each other; that they should surrender their arms, blades of battle, and implements of war. This was done, with the exception of a small remnant of soldiers. It may be said that practically all of the armed forces ceased to spill the blood of their countrymen and turned their efforts to peaceful pursuits.

They relied upon our good faith. They believed that we would perform our part of the compact. They transposed themselves from armed forces to unarmed citizens. They have been lulled into a state of unpreparedness for conflict with each other or facilities with which to protect themselves against armed attack by our assurance that armed forces of the United States will be retained and maintained there until after the next election is held. To withdraw the marines prior to that time would amount to a breach of the agreement, and would subject the Liberals to an immediate attack, which, in my judgment, would approach the proportions of a massacre. Should we do that, and an attack with bloodshed should follow, we could not escape guilt in the forum of good conscience or public opinion. The blood of those people would be upon our hands. It may be said that there was a lack of authority for the Stimson agreement. I agree with the statement. I do not believe authority for the execution of that agreement or the assurances thereby given did exist. I think there was a total lack of it. Be that as it may, those purporting to represent the Government of the United States assumed to enter into it, and the two contending forces in Nicaragua acted and relied upon that agreement.

Mr. KING. Mr. President, will the Senator suffer an interruption?

Mr. BRATTON. Gladly.

Mr. KING. The Senator stated a few moments ago, as I understood him, that without the continued intervention of the United States and the presence of our marines in Nicaragua the Liberal forces might be attacked by Sandino and bloodshed would result.

Is it the view of the Senator that Sandino would attack the Liberal elements—known as the Sacasa party? Is it not a fact that the Liberals and the sentiment of the country are with Sandino, and that whatever remnants of the Sacasa or Liberal organization now exist sympathize with him, and would assist him if they could, and that instead of his attacking the Liberals he would protect them?

Mr. BRATTON. Perhaps I did not make myself clear, at least to the Senator from Utah. I do not want to leave the

impression that Sandino would attack the Liberals, but that the Conservatives would do so; in other words, that the struggle between the Conservatives on the one hand and the Liberals on the other would be immediately resumed if our forces were withdrawn and the assurances given in the so-called Stimson agreement likewise were annulled. That is what I had in mind.

Mr. KING. Will the Senator suffer another interruption?

Mr. BRATTON. Yes, Mr. President.

Mr. KING. Does not the Senator believe that the overwhelming majority of the people of Nicaragua are Liberals, and that they refuse to join the so-called Conservatives, the Diaz régime; and, that if we should withdraw our forces, and an internal conflict should result, that the Conservatives would be more in danger than the Liberals, owing to the fact that they are in the minority?

Mr. BRATTON. Mr. President, regardless of that, I hold to the view that if the marines are withdrawn the two factions in Nicaragua will resume waging war upon each other; that the blood of citizens of that country will be spilled. It is wholly immaterial to me whether the Liberals or the Conservatives suffer by the struggle.

The result will be a resumption of war between the two struggling forces there, and the spilling of blood. It is to obviate that that I believe the marines should be continued there until after the election is held, as the Stimson agreement provides.

Mr. KING. One further suggestion, if the Senator will permit me.

Mr. BRATTON. Yes, Mr. President.

Mr. KING. I think that most of the so-called revolutions in South and Central America and in the Caribbean Islands were quite unimportant, and scarcely disturbed the life or pursuits of most of the people; they were rather opera bouffe performances, and the loss of life was inconsequential. During the discussion reference has been made to the "revolutions" which have taken place in Haiti. It is true there has been domestic strife and various Haitian "revolutions," but the military forces of the United States killed more Haitians in one year than were killed during 40 years of Haitian rule. American intervention in Haiti resulted in armed conflicts; that is, war, during which between 2,500 and 3,500 inhabitants of Haiti were killed. The conflicts among the Nicaraguans do not result in great loss of life; the occupying American forces have carried on war against the people of that country, and life and property has been destroyed.

Mr. BRATTON. Continuing, Mr. President: Regardless of whether there was technical authority for the execution of what we now call the Stimson agreement it was entered into by those who assumed to act on behalf of our Government, and practically all elements in Nicaragua relied upon that agreement and upon our assurances given thereby.

They were moved to change their position in faith of the guaranties given by us. They assumed that the authority existed. Acting upon that assumption and belief, they stacked arms; guns ceased to fire; the sacrifice of life stopped; and war between two struggling elements ended. If we were now to say that because strict authority on the part of those who acted for us did not exist, and consequently we will go no further in carrying out the agreement, we would place ourselves in the position of allowing technicality to prevail over an obligation we can not escape. Yes, Mr. President, it would amount to permitting a narrow technicality to control us to the utter disregard of the lives and property of those people who acted in full good faith, relying upon us. We must not fail them now.

Mr. President, because of these considerations I think the marines should be retained in Nicaragua until after the election is held or the time for it has passed. Nothing short of that will constitute performance of the agreement on our part. But when that is done, it is my belief that our armed forces should be withdrawn with all reasonable dispatch. They will have no proper place there afterwards.

Mr. SHORTRIDGE. Mr. President—

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from California?

Mr. BRATTON. I do, Mr. President.

Mr. SHORTRIDGE. I understood the Senator to state that he thinks we should withdraw our forces from Nicaragua as of a certain future date. If American citizens shall as of that time be there, and be in possession of lawfully acquired property, does the Senator claim that this Government should extend no protection to them, but should suffer them to be robbed, and perhaps their lives taken? Is that the position which the Senator, an American Senator, takes?

Mr. BRATTON. By no means, Mr. President.

Mr. SHORTRIDGE. What is the Senator's position, then, with regard to the duty of this Government to guard and protect its citizens who have gone lawfully into a friendly nation and lawfully acquired property there?

Mr. BRATTON. Obviously, Mr. President, the distinguished Senator from California—for whom I entertain the highest respect—did not hear the opening part of my remarks. I said then that it is not only the right but the plain duty of our Government, under well-recognized principles of international law, to protect our nationals in their lives and property against dangers occasioned by a lack of stability on the part of local governments; that if such a situation should arise in Nicaragua after the election is held in October—a situation where our nationals are subjected to danger, either as to their lives or property—it will be the plain duty of our Government to protect them, even to the extent of landing armed forces there; but I also said that I did not believe those facts existed when our marines were sent there originally. I said that I did not believe that a careful examination of the facts would disclose that our nationals were jeopardized, either as to their lives or as to their property, sufficiently to justify sending the marines there originally, but that they are there, and that since they went there an agreement was entered into, commonly referred to as the Stimson agreement, which gave the two forces certain assurance that we would retain the marines there until after the election is held, and that I believe they should be kept there in order that our obligations enjoined under the terms of that agreement are performed. That after that I think they should be withdrawn. I agree with the Senator, however, that if changed conditions should come about jeopardizing or endangering our nationals either as to their lives or their property, clearly it would be the duty of our Government to protect them even to the extent of landing the armed forces there.

Mr. SHORTRIDGE. Due to confusion in the Chamber, I see that I misunderstood the Senator's position. I understand now the position he takes with respect to certain phases of this matter. With some of the propositions stated by the Senator from New Mexico I heartily agree.

Mr. BRATTON. I assume that the Senator and I are in perfect accord with regard to the principles discussed, but perhaps we disagree as to their application to the particular facts existing in Nicaragua.

Mr. SHORTRIDGE. That turns upon what the facts are.

Mr. BRATTON. Yes.

Mr. SHORTRIDGE. I merely observe, if the Senator will pardon me, that I claim, and I think I can sustain the claim, that everything the President has done was warranted by the facts, and fully justified under accepted rules and principles of law. The precedents in this country fully justified and justify him. Acquiescence on the part of Congress in acts done by former Presidents amount to an approval of and fully justified President Coolidge, as matter of law, based upon the facts of any order he, as Commander in Chief, has issued or caused to be issued in respect of Nicaragua. The doctrine or rule of law as to "congressional acquiescence" is set out and applied in the case of United States against Midwest Oil Co., Two hundred and thirty-sixth United States at page 450 and following.

Mr. BRATTON. Mr. President, the point at which the Senator from California and I part company is the application of the principles upon which we agree to the facts in Nicaragua.

Mr. PITTMAN. Mr. President—

Mr. BRATTON. I yield to the Senator from Nevada.

Mr. PITTMAN. I am in entire accord with the statements made by the Senator from New Mexico; but at this point I wish to call attention to the amendment, wherein it states that—

In the case of * * * the immediate danger of such attacks, at any time, * * * the forces of the United States may be used by the President for strictly protective purposes without the consent of Congress, and appropriations may be used to pay the expenses of such protective action.

That would allow the President of the United States on February 2 or February 1 to retain in Nicaragua sufficient forces to meet such threatened attacks at the points where the attacks were threatened.

Mr. BRATTON. Undoubtedly, Mr. President. The amendment of the Senator from Wisconsin, as amended by the Senator from Nevada, does and will authorize the President to meet any emergency such as the Senator from California referred to a few moments ago.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BRATTON. I yield to the Senator from New York.

Mr. COPELAND. May I ask the Senator what he thinks should be the attitude of the United States in a situation like this, assuming that it is true?

The Associated Press this morning says:

George Marshall, of New York, assistant manager of the La Luz y Los Angeles mine, seized last week by Sandino and his followers, was reported to have been killed by the rebels.

What is to be the attitude of the United States under these circumstances? I hope I may have the attention of the chairman of the Foreign Relations Committee to this matter. I am very much disturbed by what has happened in Nicaragua, where a citizen of my State is reported as having been killed by Sandino. What are we going to do about this, may I ask of the Senator from Idaho, by the courtesy of the Senator from New Mexico?

Mr. BRATTON. Yes, Mr. President; I willingly extend the courtesy.

Mr. BORAH. Mr. President, I regret to say that, owing to the fact that I was conversing with a colleague, I did not hear the Senator's statement.

Mr. COPELAND. May I say that I am very much disturbed over an Associated Press dispatch, which I assume to be a statement of the truth, that—

George Marshall, of New York, assistant manager of the La Luz y Los Angeles mine, seized last week by Sandino and his followers, was reported to have been killed by the rebels.

Now, what are we going to do about a matter of that sort? What can we do about it?

Mr. BORAH. Of course, I know of nothing we can do to remedy that which has happened; but it is that class of things which necessitates action upon the part of the President to protect life and property in countries where those things happen.

Mr. COPELAND. It is perfectly clear to me, if the Senator will bear with me for a moment, that it must be mawkish sentimentality on our part if we seek to bring back the marines when there is such a situation in Nicaragua that a citizen of the United States engaged in a legitimate occupation should be taken out and murdered by the rebels. I think this is a bad time for us to be talking about taking the marines out of Nicaragua, when such a murderous attack as this can be made upon a citizen of the United States. I want to see the long arm of Uncle Sam reach out and give relief to an American citizen wherever he is in the world, provided he is there upon a legitimate errand and performing a useful function.

Mr. BORAH. Mr. President, I do not understand that anyone contends that it is not within the authority and the duty of the President to protect the lives and property of our nationals when threatened in a foreign country. I do not understand that anyone contends against that proposition. I am sure I do not. It is undoubtedly his duty, and he undoubtedly has the authority, if necessary, to use the armed forces to protect the lives and property of our nationals when endangered in a foreign country. This controversy arises over the limitations of power upon the part of the President. Within what limits may he exercise that power and beyond what limits is it necessary to ask the authority of Congress?

Mr. COPELAND. Mr. President, will the Senator yield for just a moment?

Mr. BRATTON. Yes, Mr. President.

Mr. COPELAND. I am sorry to interrupt the Senator.

Mr. BRATTON. Not at all.

Mr. COPELAND. I was opposed to the President sending the marines to Nicaragua; but, within his rights, he did send them there. Now, Mr. President, there is a situation there that demands the strong hand of our Government to deal with, when an American citizen is murdered, and I do not think it is seemly for us to be talking about taking the marines out of there, or stopping our work of intervention, so long as a situation such as that recorded by this message can happen in that country. It shows, certainly, that instead of talking now about taking the marines out by the 1st of February we should be indicating to the rebels there that we are going to keep the marines there until the life of every American citizen is guaranteed against such a murderous attack as this.

Mr. KING. Mr. President, will the Senator yield?

Mr. BRATTON. I yield to the Senator from Utah.

Mr. KING. The Senator from New York has employed the word "rebels" in the interruptions with which he has punctuated the speech of the Senator from New Mexico. I am curious to know why he employs that word. A short time ago Sacasa, who is now receiving, it is claimed, the support of the United States, was a "rebel," and was so denominated by persons in our executive department. Sandino is opposing armed intervention by the United States, and denies the right of our country to send military forces to control his country and take charge of the elections therein. Because he opposes a foreign power the Senator from New York calls him a "rebel." Many

persons who have inaugurated or participated in revolutions have been called "rebels," but when their revolutionary movements were crowned with success they were ennobled as patriots, and the pages of history point to them as heroic figures and the founders of states and empires. Washington and Sam Adams and Hancock and Patrick Henry were proclaimed "rebels" by Lord North and George the Third. We now honor them for the successful revolution which they inaugurated and the Republic which they helped to establish. It is a pertinent question to ask, Why are we sending thousands of marines to Nicaragua and employing many of our naval vessels to supply them with food and munitions of war? Why are we pursuing Sandino and his followers through jungles and mountains and forests? Why are we destroying the homes of some of the inhabitants of Nicaragua and carrying terror to thousands of helpless women and children? Why are we sending American boys to that far-off country where they are exposed to dangers seen and unseen, to climatic conditions which sap their vitality and undermine their health, and to the opposition of Nicaraguans who believe that their country is being invaded and their liberties jeopardized?

Senators who have defended the policy which calls for the continuance of our marines in Nicaragua admit that the United States had no right to send its military forces to Nicaragua, and that the so-called Stimson agreement which is the pretext for continuing marines in that country was made without authority and imposes no binding or legal obligation upon the United States. They say, however, that having made the mistake of landing marines in Nicaragua, and the executive department having made the blunder of supporting the wrong faction, there is a moral obligation resting upon the United States to keep the agreement signed by Mr. Stimson and representatives of one of the factions in Nicaragua. In other words, the United States was not justified in sending military forces to Nicaragua and the State Department had no authority to make the Stimson agreement, but having made it, this Government must keep military forces in Nicaragua for an indefinite period and at great cost to the taxpayers of the United States and carry on war against all persons in Nicaragua who resist or attempt to oppose the occupation of their country by the armed forces of the United States. Whether our military operations in Nicaragua are called "war" or intervention or any other name, our Government is sending its war vessels into the harbors of Nicaragua and has landed thousands of its marines upon the soil of that country. The military forces of our Government are carrying on military operations against military forces drawn from the inhabitants of that country.

The American armed forces are seeking to destroy the opposing forces, and yet it is said it is not war, and that we are only preparing for an election in that country. Any election held under the control of a foreign power and under the supervision of foreign military forces will have no binding or lasting results. It will provoke resentments and lead to future domestic discord and fratricidal strife. The claim will be made that it was not a fair election. It was not a Nicaraguan election; and undoubtedly many within the party which may win will feel bitter towards the United States because of its military operations and its military control of the election. After the election is held the unrest which will follow will lead to demands that the United States continue to occupy Nicaraguan ports with its war vessels and Nicaraguan territory with its marines. It will be claimed that if the marines are withdrawn, there will be domestic conflicts which will menace the lives and property of American citizens. Thus pretexts will be found to continue our marines in that country and to impose to a greater or less degree the will of the United States upon any government there established whether de facto or de jure.

Mr. President, if the Senator from New Mexico will pardon me for further trespassing upon his time, may I observe that I was not clear as to the idea which he meant to convey concerning the duty of the United States to send military forces into every country where an American can be found regardless of internal conditions there existing or civil war there being carried on.

American citizens, when they go into other countries, must expect to meet the vicissitudes resulting from civil war or revolutionary strife. Of course, under international law the United States has the right to protect its nationals upon land or upon sea, at home or abroad. That does not mean, however, that war must be waged against a country in which an American citizen may have lost his life or his property. Many foreigners have been killed within this Republic, but the countries to which these unfortunate persons owed allegiance did not declare war upon the United States or send armed forces to land upon our shores. Senators will recall that a number of years

ago in the western part of the United States several score Chinese were killed by American citizens. The Government of China made representations to the United States, and my recollection is that an indemnity was paid; if not, it should have been paid. In our own Civil War there were foreigners in the border States whose property was taken both by the North and the South. Property belonging to Americans was also taken and claims have been presented to Congress and appropriations have been made to cover the same. In Sherman's march through the South, property was destroyed and the country laid waste. American citizens, when there is domestic insurrection or civil war, may suffer as the nationals of the country in which the conflict is waged. During the administration of President Taft there were between fifty and seventy thousand American citizens in Mexico.

American investments in Mexico totaled a billion and a half dollars. Several hundred Americans were killed upon Mexican soil, and property of the value of tens of millions of dollars was confiscated or destroyed. A portion of this property was seized by the military forces of the Government. Much of it was taken by revolutionary forces. The United States did not declare war upon Mexico or send our naval vessels and our armed forces to protect their lives and property. Upon the contrary, President Taft issued a proclamation advising American citizens to depart from Mexico. The nationals of Mexico likewise suffered. Many noncombatants were killed and their property seized or destroyed. For a number of years the tide of revolution flowed over Mexico. Diaz was driven out. Madero came to power, but he was destroyed. Huerta became the head of the Government, but he was overthrown. We did not intervene either to preserve peace in Mexico or save the lives of Americans or to "enforce the Monroe doctrine." I may add that the Monroe doctrine, in my opinion, was not involved.

It is true that foreigners from other countries suffered injuries, some were killed, and a portion of their property was seized or destroyed. To declare that it is the duty of the United States under all circumstances to send armed forces into every country where an American is injured or killed or his property taken is to state a proposition which needs important modifications. Neither precedents nor international law justify such a proposition. Of course governments must be solicitous for the welfare of their citizens, and the executive department of our Government, as well as the legislative department, must use all proper means to maintain the honor and dignity of this Republic and defend the lives and property of its citizens.

Mr. BORAH and Mr. COPELAND addressed the Chair.

Mr. BRATTON. I yield to the Senator from Idaho, who rose first; then I will yield to the Senator from New York.

Mr. BORAH. Mr. President, the situation as depicted by the Senator from New York and the conditions of which he speaks, and the situation referred to by the Senator from Utah are two entirely different propositions, to my mind. Of course, if there is a revolution going on in a country the incidents of that revolution will necessarily be visited upon all who come in contact with it. But if the facts have been reported correctly to the Senator from New York this was merely a deliberate, individual murder, which has no relevancy to those injuries incident to a conflict between opposing armed forces.

Mr. BRATTON. Now I yield to the Senator from New York.

Mr. COPELAND. I can not conceive how any Senator can split hairs over what we call these men. The Senator from Utah found fault with me because I referred to them as "rebels." I did that because that is what the article said they were, rebels. But I do not care whether you call Sandino and his groups rebels or patriots, or what name you give them; an American citizen has been murdered, and I say that it is the duty of this Government to find out why that situation can be created anywhere on the face of the earth, I do not care whether it is in Nicaragua or where it is.

I am not discussing property rights. If these mines were in the way of military operations, perhaps it would have been well for the owners to get out of the way. But here was an American citizen, who was not there engaged in some military undertaking, who was not there fomenting some rebellion; he was there in the pursuit of his calling, and he had a right to be there. I contend that it is the business of the United States to find out why it is that anywhere on the face of the earth an American citizen engaged in a lawful enterprise should be killed in his tracks.

Mr. BRUCE. Mr. President, if the Senator from New Mexico will yield, I would like to remind the Senate that one of the most popular things in the history of the United States was the act of that commander of one of our battleships who, when a

naturalized American citizen of Hungarian origin, Martin Koszta, was impressed by an Austrian ship of war, cleared the decks of his American ship for action, and made a demand for the surrender of that prisoner to him, which demand was duly honored. There is an illustration of this great Government of ours, with all its power and prestige, being prepared to bring its whole armed force to bear even upon a mere individual in a situation of that kind.

It was only yesterday that the New York Times contained a reference to that incident, one of the truly glorious incidents in the history of our land.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Nebraska?

Mr. BRATTON. I yield to the Senator.

Mr. NORRIS. I think Senators should not get excited over the dispatches that have been published in the papers this morning and yesterday morning, and insist on keeping the Army somewhere to protect Americans on account of those particular dispatches. They happen to come just at the time when this question is before the Senate, and when one reads the dispatches I believe he can not resist the conclusion that probably they come just at this opportune time, with perhaps the idea of influencing the action of the Senate. They state that "It is said such and such has happened," or "It has been reported that such and such has happened," and the information, according to yesterday's morning paper, is that Mr. Fletcher has brought this information to the United States. He is in Washington, or was yesterday. It is from his report that the information comes. The article shows on its face that Mr. Fletcher is president of one of these mines, the La Luz mine, down there.

I have before me here the testimony taken before a subcommittee of the Foreign Relations Committee some time not so very long ago, in which a man by the name of Moffat was testifying. He refers to this mine, and says it was a blanket concession, as he called it, which the Nicaraguans considered very iniquitous. I know nothing about it; it may be a good or a bad concession, but that is something which ought to be considered.

We ought to consider also that there has not been anything definite. I would like to call upon the chairman of the Foreign Relations Committee to get his committee together and let Mr. Fletcher be called before the committee—I presume he is still in the city—and let him testify as to this incident. There he can be examined and questioned. I do not believe we ought to get excited now, because this mine was taken by the Sandino forces, and a man killed in the taking of it, and insist that for that reason we either ought to send or that we ought to keep our Army in Nicaragua. It is an incident that is likely to happen in any insurrection or any war.

A few years ago 11 Italians were murdered in New Orleans. I have a distinct recollection that only a year or two ago over in Persia an American citizen was murdered in cold blood, as I remember it. I think we took some action here to give his widow a pension, or something, on account of it. No one suggested that we should send our Army over to Persia, but the Government of the United States investigated the matter, and I think the Persian Government paid compensation on account of that occurrence. They could not restore the life; that was gone. There was not even an insurrection in Persia at that time. That man was simply murdered, as far as I remember, in absolutely cold blood, without any cause whatever, by a bandit. That is to be regretted, of course, but I do not believe we ought to take a thing of that kind into consideration to the extent of sending the Army. It is perfectly proper to investigate the alleged murder that took place, and that is spoken of in the paper. One way to investigate the matter, it seems to me, is to put Mr. Fletcher on the witness stand and get the facts from him. We probably can not get them accurately from a newspaper report; it may be perfectly accurate and it may not. There are a good many things in the report itself that indicate that there is a great deal of doubt about it, because, as one can see by reading it, many times it makes no positive statement. It says it is alleged that such and such happened, or it is reported that this has taken place.

I would like to call the attention of the Senator from New York to the fact that in Nicaragua, where Sandino is contending against the American forces, it is perfectly natural he should take a mine if he could. We take their villages, we burn their houses, we kill their people. We have killed a good many who were not in the Nicaraguan Army, not in Sandino's forces. It is part of a war. I am not speaking of that in a complaining sense. Assuming that we are doing what we ought to do down there—as far as I know they have not done anything they have not a right to do—we must concede the same

thing to the opposition. They take possession of a mine. If they get gold there, they take it. If they get cattle or any other kind of property there, they naturally take it. That is what civilized countries do. It is what we always do, what any army always does. If, outside of all that, there is a murder of an American citizen there, it ought to be properly investigated, and probably will be.

Mr. KING. Mr. President, will the Senator yield?

Mr. BRATTON. I yield.

Mr. KING. I might suggest to the Senator from Nebraska that we took some eight or nine hundred million dollars of property in the United States belonging to Germans and Austrians when we entered the World War. Those persons came here under a treaty, and made their investments under the sanction of a solemn treaty and yet we took their property, and we have much of it yet.

Mr. NORRIS. If we carried out the program that is outlined in the remarks of the Senator from New York we would have to have a standing army of 25,000,000 men scattered all over the civilized world. It has not been so very long ago that 17 Chinamen were killed, I think, in Los Angeles or San Francisco—some place on the Pacific coast, I have forgotten where. They were citizens of China. We did not expect that the Chinese Army would invade us on account of that. I do not know whether we have ever made compensation to the relatives of those people for that or not. If we went to war every time somebody was killed, the whole world would be in war all the time. It is not international law, there is no government that follows that principle, and we should not expect the governments that we are fighting to follow it.

Mr. PITTMAN. Mr. President, I should like to ask the Senator from Nebraska a question.

Mr. BRATTON. I am going to yield to the Senator from Nevada, but I take occasion to express the hope that I may proceed with my speech.

Mr. PITTMAN. The very reason I have been desirous of asking this question is for the purpose of relieving the Senator from extraneous discussion. I think the Senator from New Mexico has a very ably prepared speech. I simply want to ask the question of any Senator if the President has not the same power to act with regard to the condition stated by the Senator from New York; that is, the murder or the attack down there, or whatever it was—whether this resolution passes or not, has he not exactly the same authority that exists without the amendment or with the amendment?

Mr. EDGE. Then, why the amendment?

Mr. PITTMAN. The amendment gives power to protect American citizens under the Constitution. The reason for the amendment is that it is dealing with an entirely different subject than that referred to by the Senator from New York. The amendment is simply condemning the President of the United States for entering into an agreement.

Mr. BORAH. No, the amendment does not do anything of the sort.

Mr. PITTMAN. I contend that it does.

Mr. BORAH. No; the amendment does not condemn anything. It simply announces the policy for the future.

Mr. PITTMAN. The policy announced is absolutely a contradiction of the policy that has been followed, and if that is not a condemnation of what has been done, what is it? If the Senate states that principle even in a policy of nonintervention in the domestic affairs of a foreign nation, if that is our policy and there has been an actual interference theretofore, it is a condemnation of that policy. But with the amendment recognizing the constitutional authority of the President to protect citizens of the United States against attack or threatened attack, he will have just the same power if the amendment is adopted as if it is not adopted, to protect American citizens or to do anything else that he had the constitutional right to do before the amendment was agreed to. Therefore, the argument in every particular case is entirely immaterial to the argument the Senator from New Mexico is advancing.

Mr. COPELAND. Mr. President, will the Senator from New Mexico yield to me?

Mr. BRATTON. I yield.

Mr. COPELAND. I think that I know no braver man than the Senator from Nebraska, but he is too frightened about propaganda. He thinks that propaganda stalks the earth like some great giant and now has the idea that Mr. Fletcher has created some propaganda and put out this message. There may not be a word of truth in it, and I hope there is not, but this message is an Associated Press dispatch and it is very short. I ask that the clerk may read it.

The PRESIDING OFFICER (Mr. McNARY in the chair). Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

MANAGUA, NICARAGUA, April 24.—George Marshall, of New York, assistant manager of the La Luz y Los Angeles mine, seized last week by Sandino and his followers, was reported to have been killed by the rebels in a radiogram received to-day by Clifford D. Ham, collector general of customs, from W. J. Crampton, collector of customs at Puerto Cabezas.

Crampton reported that the La Luz mine was robbed of \$1,300 in cash and merchandise and livestock amounting to \$8,700.

General Jiron, a rebel chief, is now in immediate charge of the mine. With 150 men, mounted on mules, he arrived last week in the Pis Pis mining region from the direction of Matagalpa. Jiron is said to have received orders to cut off the American manager of the mine, Harry P. Amphlett, who is now absent from the mine, having gone down the Prinzapolka River before the arrival of Sandino's men.

While near Matagalpa, Sandino is stated to have publicly made threats that he was going to kill all Americans because of the presence of the marines, who he called invaders, but would not harm other nationals.

The Bonanza mine, north of La Luz, also is reported to have been robbed.

The American Legation this afternoon had received no further details from the Atlantic coast.

Mr. COPELAND. The point I want to make is that if Mr. Fletcher is engaged in propaganda, he has subsidized or bribed or utilized the Associated Press, because the date line of that message is Nicaragua.

Mr. NORRIS. I have not accused him of engaging in propaganda. The Senator from New York is entirely mistaken about it. I have before me the newspaper article to which I had reference, appearing in the Washington morning Herald of April 24. I am not going to burden the Senate with reading it, because I have stated the substance of it, but it does say all the way through rather indefinitely that "it is said" this and that happened, and gives Mr. Fletcher, who it says is in the city of Washington and president of this company, as authority for the statement. The newspaper draws a great many of those conclusions, and not Mr. Fletcher.

I have not even insinuated that Mr. Fletcher is in any way in error or wrong about anything, but we only have a second-hand report, a sort of hearsay that comes from him. What I asked was that the Senator from Idaho [Mr. BORAH] call the Foreign Relations Committee together and subpoena Mr. Fletcher while he is here and put him on the stand. So far as I know, he is a perfectly reliable and perfectly honest man. I know nothing about him whatever. But the article that I have referred to gives Mr. Fletcher as authority. There would not be anything wrong about our calling him and getting the information first hand.

Mr. COPELAND. I hope that will be done, but I want the Senator from Nebraska to understand that I am not talking about the article from which he quoted. I have been referring to an Associated Press dispatch which I clipped from the morning Post, and it is dated Nicaragua. It is not sent out from Washington. It is sent out from Nicaragua.

Mr. NORRIS. But it is giving a report. It does not state in so many words that this actually happened. It is giving merely a report. It may be when we get into it that we will find this man, probably murdered, might not have been killed by the Sandino men, and, on the other hand, it may have been done by Sandino men. He might have been killed, and not murdered, when they were attempting to take his property, a perfectly natural thing. He might have been defending it, and in order to get that mine, the property they wanted to carry on the armed expeditionary work, he might have been killed. He may have killed a dozen Nicaraguans, for that matter. On the strength of that kind of report the Senator from New York would put us in war.

Mr. COPELAND. I am sure the Senator from Nebraska is as anxious as I am to find out the facts. If he has a way of finding out whether this is true or not, I shall be glad to have him put that plan in operation; but we must find out why an American citizen was killed in cold blood down in Nicaragua.

Mr. HEFLIN. Mr. President, will the Senator allow me to ask him a question?

The PRESIDING OFFICER. The Chair must make the observation that when the Senator yields for more than a question, under the rule he loses the floor.

Mr. BRATTON. I express the hope that I may be permitted to proceed.

Mr. HEFLIN. I shall not interrupt the Senator.

Mr. BRATTON. Mr. President, at the time of the interruption by the discussion, which I have enjoyed very much, I had proceeded to the point of saying that because of the agreement

entered into upon which the various elements in Nicaragua relied, the agreement providing that we should retain armed forces of the United States in that country until after the election is held in order that the election may be conducted fairly, we should retain them there until that time, and that anything short of that would amount to a breach of contract or act of bad faith on our part.

To retain them there will be unjustifiable and will constitute a transgression of international law, as well as our obligation and plain duty not to interfere in the internal or domestic affairs of that Republic. We can not afford to do that. We must scrupulously respect the integrity of other nations. We must pursue a policy of strict noninterference with the internal affairs of all countries, so long as action on our part is not necessitated in order to protect our nationals concerning their lives and property. Our duty to so protect them is plain and beyond dispute. To go beyond that is equally plain as constituting a violation of our proper restraints under the clear mandate of international law. Any other course, Mr. President, would run afoul with our precepts ever since we became a government.

The proposed amendment of the Senator from Wisconsin [Mr. BLAINE] is not confined to Nicaragua. It purports to deal with our armed forces in any nation on earth. It provides that no part of the money appropriated in the act we are now considering shall be used to defray the expenses incurred in connection with the acts of hostility against a friendly nation, or any belligerent intervention in the affairs of any foreign nation, unless war has been declared by the Congress or unless a state of war actually exists under recognized principles of international law.

That proposal is as wide and as broad as the earth itself. It is not concrete in any sense, but is strictly in the abstract. This language seems to be vulnerable because it merely declares the well-recognized provisions of existing law. We never should commit any act of hostility against a friendly foreign nation, or be guilty of belligerently intervening in the affairs of a foreign nation, or intervening in the domestic affairs of any foreign nation, unless and until war has been declared by the Congress in the constitutional manner or when a state of war actually exists under recognized principles of international law. We never should commit either of these acts under any circumstances short of a declaration of war by the Congress in the constitutional way, unless a state of war, as recognized by principles of international law actually exists. This is so regardless of any declaration we may make in this bill or elsewhere. It emanates from the clear mandate of international law as understood and applied throughout our national existence. It requires no language of the Congress to make that true. It is true already. So, Mr. President, the amendment is merely declaratory of our plain duty under existing law. There is no occasion for such a broad declaration of that which already is the law. It would be merely cumulative in character and can serve no useful purpose. It would be purely superfluous. Again, if the amendment is adopted in this language, who will determine whether either of such conditions obtains in our relation with another nation?

Who will say, when we shall land our forces upon the soil of some other country, whether it constitutes intervention wrongfully and unlawfully in the domestic affairs of the country concerned? Yet these are the three things which are embodied in the original amendment proposed by the Senator from Wisconsin. We are declaring a principle which has existed since our existence began and nothing more. I hold that there is no occasion for a broad declaration in the abstract of that which already exists and which is recognized by everybody.

The same may be said of the amendment of the Senator from Nevada [Mr. PITTMAN] in this language:

Provided, That such limitation shall not apply in the case of actual physical attacks upon American citizens or their property, or the immediate danger of such attacks, at any time when the forces of the United States may be used by the President for strictly protective purposes without the consent of Congress, and appropriations may be used to pay the expenses of such protective action.

The President of the United States, in his capacity as Commander in Chief of the Army and Navy, possesses that right already, independent of any action that we may take. So that, under my view of the amendment, the provisions proposed by the Senator from Wisconsin are merely declaratory of existing principles of international law. The proviso thereto proposed by the Senator from Nevada likewise is merely declaratory or cumulative of existing law.

I recur, Mr. President. If the amendment of the Senator from Wisconsin, as proposed to be modified by the language of the

Senator from Nevada, is adopted in this language, who will determine which status exists—that is, whether sending our forces to some other country constitutes an infraction of the restrictions imposed by the language brought forward by the Senator from Wisconsin, which is denounced, or whether it falls within the saving clause advanced by the Senator from Nevada? It might be held by some that the landing of armed forces in Nicaragua or any other country constitutes an act of hostility against a friendly nation. It might be thought by others that that act did nothing of the kind, but, on the contrary, constituted the protection of American citizens against unlawful attacks and against immediate danger of unlawful attacks. Are we willing to leave that to some subordinate officer of the executive department of the Government? Are we prepared to leave to the Comptroller General to determine what a given state of facts constitutes; whether a violation of the denouncements contained in the amendment proposed by the Senator from Wisconsin, or within the saving clause proposed by the Senator from Nevada?

The objection I make to the amendment is that it is too broad and is simply declaratory of that which already exists, and, in its finality, must vest a decision to some one other than the Congress or the President of the United States. In my judgment, the duty to decide that question would rest with the Comptroller General; I doubt whether any Member of this body is prepared to give his consent to that situation. I repeat, what official or tribunal will decide whether a given act constitutes an act of hostility against a friendly nation, or belligerent intervention on our part against a friendly nation, or intervention by us in the domestic affairs of a foreign nation, or whether it constitutes protection of life and property of nationals against attacks or dangers? If the former payment is denounced and denied, if the latter payment is authorized and approved, are we willing to leave that important matter to some disbursing officer?

A more serious objection to the amendment, it seems to me, Mr. President, is that to vote for its passage necessarily assumes that there is danger of our pursuing an unlawful course in dealing with nations generally, and consequently there is need to place such restrictions in the appropriation act. Such a presumption should not receive our indulgence. We should presume that the other coordinate branches of the Government will perform their duties in a lawful manner. This presumption always should be indulged toward all officials, from the highest to the lowest. The amendment is not directed at our relations with other nations generally, but at the retention of marines in Nicaragua. Whatever amendment is written into the bill should be narrow and apply specifically to Nicaragua. If that is done there will be no possibility of contravening any of our treaty obligations. This is the matter referred to by the Senator from Idaho, the chairman of the Committee on Foreign Relations. The matter thus brought to the attention of the Senate is worthy of the serious consideration of every Senator.

That is one serious objection to the amendment of the Senator from Wisconsin. Being general in terms, and not concrete in its purview, it easily is conceivable that it might contravene some treaty provision; but if any amendment that is written in this bill conforms to the purpose of those who advance legislation along that line—that is, to bring about a withdrawal of the marines from Nicaragua—there is no danger of violating any of our treaty obligations.

For that reason, Mr. President, I think the amendment of the Senator from Wisconsin should be rejected.

I now address myself briefly to the amendment proposed by the Senator from Alabama [Mr. HEFLIN]. Even at the expense of repeating myself I did not approve of sending the marines to Nicaragua; but, in view of the things which have happened, I believe they should be retained there until a reasonable time after the October election is held. The amendment proposed by the Senator from Alabama will not permit that course to be pursued. The appropriation bill will become effective July 1, 1928. The marines could not be kept in Nicaragua after that date if his amendment should prevail. If adopted the President thus would be compelled to withdraw them before the election is held, and thereby break faith with the two elements in Nicaragua. The evils which might follow that course already have been stated in résumé form. I shall not repeat nor elaborate upon them. I am unable to gain my consent to travel that route.

I think the amendment of the Senator from Alabama is good in the sense that it is concrete in form. It treats specifically with the Nicaraguan situation. It does not permit of its application to any other situation, and could not restrict the Executive in dealing with other countries, should the necessity to do that arise, while the amendment of the Senator from

Wisconsin would apply to any other country with the same effectiveness with which it applies to Nicaragua. If the amendment of the Senator from Alabama were postponed in time, so that it would not take effect until some time after the election is held, it would be relieved of the defect which I am now endeavoring to point out. It then would be incomplete, because new conditions might arise in Nicaragua during the life of the appropriation bill which would make it both expedient and necessary to send armed forces there for the sole purpose of protecting nationals under international law or the Monroe doctrine. In such circumstances the President would be restricted if the amendment should be valid, because no money would be available to defray the expenses of such a plain duty on the part of our Government.

Let us assume that after the present appropriation bill takes effect, either before or after the election is held in October, a new situation should come about in Nicaragua that would enjoin upon us the plain obligation of protecting nationals either as to their lives or property. The amendment of the Senator from Alabama would make it impossible for our country to discharge that plain duty, because there would be no money with which to defray the expenses necessarily incurred in the performance of that duty and the discharge of that obligation. But the amendment proposed by the Senator from Tennessee [Mr. McKellar], to which I now address myself, which will be offered as a substitute for the amendment of the Senator from Wisconsin, meets each of these objections. It is limited to Nicaragua. Under no concept could it apply to any other country. It is not abstract. It is concrete. It provides that after the 1st of February, 1929, subsequent to the date on which the election is to be held in that country, none of the appropriations made in the act shall be used for maintaining the marines there. It also provides that the restrictions thus imposed shall not apply in case the President may send the armed forces there temporarily to protect life and property under either international law or the Monroe doctrine, if the Congress is not in session, with the further provision that in such event the President shall call the Congress into session and make a report of conditions.

This amendment will allow us to carry out our agreement made with the Nicaraguans. It will permit us to perform that agreement in the strictest sense. It will allow the marines to remain there a reasonable time after the election is held. In fact, it will permit them to remain there until after the duly elected officers have qualified and assumed the discharge of their respective official duties.

Mr. SHORTRIDGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from California?

Mr. BRATTON. I yield to the Senator from California.

Mr. SHORTRIDGE. Does that amendment anticipate and provide for a condition which may then exist?

Mr. BRATTON. Yes, Mr. President; the amendment as proposed by the Senator from Tennessee [Mr. McKellar], drafted after much thought, reads in this language. I read the entire amendment in order that the Senator from California may get the purport of the observations I intend to make:

Provided, That no part of the appropriations made in this act shall be used for the purpose of maintaining marines or troops in the Republic of Nicaragua on and after February 1, 1929, unless specifically authorized by the Congress; and

Provided further, That in the event of an emergency the President is authorized to land troops temporarily for the protection of lives and property, under international law or the Monroe doctrine, in which event the President will report to the Congress immediately, if the Congress be then in session, and upon the convening of the Congress if it shall not be in session.

I am going to make a suggestion to the Senator from Tennessee with reference to the language. I think the President has the power to send troops temporarily, even in case of an emergency. I think, therefore, that the amendment in its present verbiage may be construed as attempting to confer a power which the President already has. So in order to meet that I am going to suggest to the Senator from Tennessee that it be amended to read as follows:

Provided further, That the restrictions here imposed shall not apply if the President shall land troops temporarily for the protection of lives and property, under international law or the Monroe doctrine—

And so forth.

Mr. SHORTRIDGE. Mr. President, I observe that the proposed amendment recognizes the existence of the Monroe doctrine. Before the Senator closes I should be glad to hear him express his views upon that phase of the matter. I have a very

definite view as to the scope and meaning of the Monroe doctrine. Under that doctrine the duty might fall upon us of protecting the lives and the property of other nationals—English, German, French—

Mr. BRATTON. Yes, Mr. President.

Mr. SHORTRIDGE. And that is a duty which we must perform if we live up to and enforce the Monroe doctrine, as I understand it. Wherefore I inquire do these amendments embrace or pay sufficient heed to that doctrine and the duty resting upon us under or according to that doctrine?

Mr. BRATTON. Yes, Mr. President; the proviso to the amendment of the Senator from Tennessee expressly states that the restrictions imposed upon the expenditure of the money contained in the appropriation bill shall not apply in case the President shall land troops temporarily for the protection of lives and property under international law or the Monroe doctrine. It expressly recognizes our obligation under the Monroe doctrine. I join the Senator in the belief that the Monroe doctrine requires that we protect our own nationals when endangered in respect to their lives and property, and also enjoins upon us the duty of protecting the lives and property of other nationals when their respective countries demand it of us, or the right to do so themselves.

Mr. SHORTRIDGE. For, manifestly, if we do not, England or Germany or France or Italy will step in to protect their several citizens or subjects.

Mr. BRATTON. Yes.

Mr. SHORTRIDGE. And we have taken a position against that being done.

Mr. McKellar. Mr. President—

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from New Mexico yield to the Senator from Tennessee?

Mr. BRATTON. I yield to the Senator from Tennessee.

Mr. McKellar. I am convinced that the proposal of the Senator from New Mexico is correct. I agree with him that the language as written in the original amendment might be misconstrued, and I believe that the language which he suggests will prevent any misconception, and as it applies only to this case I think it should be accepted. Therefore, Mr. President, I ask unanimous consent at this time, if the Senator will permit me—

The PRESIDING OFFICER. The Chair will say to the Senator that he does not have to obtain unanimous consent; he is privileged to modify his amendment.

Mr. McKellar. Then, if I do not have to have unanimous consent, I propose to modify the second proviso so as to incorporate the language suggested by the Senator from New Mexico and strike out the words as suggested by him, so that it will read as follows:

Provided, That the restrictions here imposed shall not apply if the President shall land troops temporarily for the protection of lives and property, under international law or the Monroe doctrine, in which event the President will report to the Congress immediately, if the Congress be then in session, and upon the convening of the Congress if it shall not be in session.

Mr. BRATTON. Mr. President, the amendment of the Senator from Tennessee in this form is not open to the suggestion that it is too broad and general or that it may contravene some treaty obligation that we sustain with any other country. It will accomplish what is desired by those who believe that the marines should be withdrawn from Nicaragua within a reasonable time after the election is held. It will permit complete performance of each and every term of the so-called Stimson agreement. It will result in bringing about the end of what some of us believe is an unjustified interference in the domestic affairs of that country. It is not merely declaratory of existing law, because it applies to a specific situation and is a clear mandate to the effect that the payment of money to continue the marines there shall be withheld after a certain date. So, Mr. President, I think it is relieved of the defects inhering in the amendment of the Senator from Wisconsin and the amendment of the Senator from Alabama to which I have addressed myself briefly. It leaves nothing ambiguous or uncertain and accomplishes that which I believe should be done. It does that in the proper fashion and at the earliest allowable time under the circumstances. It corrects what I conceive to be a wholly untenable situation.

Mr. McKellar. Mr. President, and may I add that it does not interfere or attempt to interfere in the slightest degree with any constitutional power of the Chief Executive?

Mr. BRATTON. I accept that suggestion, and desire to lay emphasis upon the importance of it, because it should not be

the purpose of the Congress to interfere with the powers, duties, and the obligations resting upon the President. In fact, we should shrink from doing that.

The amendment declares our position upon conditions that now exist in Nicaragua. It declares that we believe, under existing conditions, that the retention of marines there after February 1 of next year is not justified. We ought to be willing to make up our minds and declare ourselves upon existing facts and conditions. At the same time we should refrain from doing that which will restrict the President in dealing with conditions which may arise in the future and which are now unknown to any of us.

Mr. HEFLIN. Mr. President, if the Senator will permit me right there—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Alabama?

Mr. BRATTON. I do.

Mr. HEFLIN. My amendment provides:

That none of the appropriations made in this act shall be used to pay any expenses incurred in connection with acts of hostility by United States marines in Nicaragua unless and until the President shall obtain from Congress consent to keep them there.

That would not hamper the President at all. If he has a good reason for keeping them there, he ought not to hesitate to come to Congress, if my amendment should be adopted, and tell Congress why he thinks they ought to be kept there, and get the consent of Congress to keep them there.

Mr. BRATTON. That is true, Mr. President, but if the Congress should not be in session, the President would have the right to deal with emergencies, and we should not do anything that would restrict or limit him in the performance of that duty.

Mr. HEFLIN. I would not do that; I would not want to hamper him.

Mr. BRATTON. I am sure the Senator does not intend to do that, but under my view his amendment might operate to do that very thing.

Mr. HEFLIN. I specifically name Nicaragua. I am not laying down a general principle. The marines have been in Nicaragua over a year, and they have been fighting down there, and they are still fighting. They have killed Nicaraguans, and some of the marines have been killed. I am pointing out this specific matter, that the President can not use any of this money in Nicaragua for the purpose of keeping our marines there, unless he comes to Congress now and gets our consent.

Mr. BRATTON. Mr. President, this appropriation act will take effect July 1. If the amendment of the Senator from Alabama shall be adopted, the President will be required to withdraw the marines on or before that date. Under my view, they should be kept there until a reasonable time after the election is held and the amendment of the Senator from Alabama would not permit that to be done. It is upon that ground, and that ground only, that I have undertaken to show that the amendment of the Senator from Alabama is incomplete.

Mr. HEFLIN. The President, of course, would know immediately, when this amendment was adopted, that Congress had laid down this plan. He would immediately know that by the 1st of July he would have to have the marines out, or he would have to get consent in the meantime to keep them there. Then, I take it, if he does want to keep them there, he would immediately come to Congress and say, "You adopted an amendment to an appropriation bill which would interfere with my program, and I wish Congress would give me permission to keep the marines in Nicaragua." Then Congress would certainly do that, if the President had good reason for keeping them there.

Mr. BRATTON. Mr. President, there is an agreement existing; I believe we are compelled to do certain things in order to perform our obligation under it. The adoption of the amendment of the Senator from Alabama would make that impossible. I do not believe we should take that position; I do not believe we should assume an attitude which would require some further act on our part in order to permit the performance of the agreement.

Mr. President, I hold that the amendment of the Senator from Tennessee accomplishes that which should be done. It does it in the proper fashion and at the earliest allowable time under the circumstances. It corrects what I conceive to be a wholly untenable situation. It will result in the withdrawal of the marines not later than February first of next year. To their withdrawal at the very earliest reasonable time after the election is held, I am unalterably committed, because I believe that we can pursue no other course and conform to the principles for which we have declared repeatedly throughout our national existence. We must hold firmly to those principles. We must not depart from them. They have been the bulwark

of our safety and will continue to be so, if we adhere strictly to them.

For these reasons it is my hope that the amendment of the Senator from Tennessee, offered as a substitute for the amendment proposed by the Senator from Wisconsin, will prevail, and that we may thereby accomplish what I conceive to be our duty under the agreement, under international law, and under the Monroe doctrine.

Mr. EDGE obtained the floor.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Utah?

Mr. EDGE. I yield.

Mr. KING. There is an excellent editorial in this morning's issue of New York World entitled "An excellent proposal." It deals with the question which we have been discussing, and particularly refers to the amendment offered by the Senator from Nevada [Mr. PITTMAN] and commends the same. The editorial as a whole indorses the proposition for which the Senator from Nevada was contending. I send it to the desk, and ask that it be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[Editorial from the New York World, Wednesday, April 25, 1928]

AN EXCELLENT PROPOSAL

The Senate has before it an amendment to the naval appropriations bill which is intended to limit the power of the President to intervene with armed forces in foreign countries. The amendment is sponsored by Senator BLAINE, of Wisconsin. It has been improved during the course of the debate and modified, or, at least, considerably clarified, by a proviso suggested by Senator PITTMAN, of Nevada. The World hopes that the Senate will pass the amendment in its present form.

The amendment prohibits the use of funds after February 1, 1929, to pay for "acts of hostility against a friendly foreign nation, or any belligerent intervention in the affairs of a foreign nation, or any intervention in the domestic affairs of any foreign nation," without the consent of Congress, except "in case of actual physical attacks upon American citizens or their property, or the immediate danger of such attacks." As we understand this, it means that the President must either withdraw the troops from Nicaragua by February 1 or come to Congress and obtain authority to keep them there after that date. It amounts to authorization from Congress to carry out the Stimson agreement, conduct the election, see that the new administration is installed on January 1, and remain one month more to give the new administration a chance to settle itself. After that, if there are reasons why the marines should remain longer, the President must explain the reasons to Congress and obtain a vote of authority.

This policy is reasonable and in good faith. With the Pittman proviso, moreover, it empowers the President to take action to protect lives and property against immediate danger. What it accomplishes is to call a halt upon just such indefinite, elaborate, and unauthorized interventions as the President let himself in for in Nicaragua a year ago. It is an eminently proper insistence by the legislative branch of the Government that it be consulted.

There never was any good reason why the President should not have gone to Congress and asked for authority to conduct the elections and to pacify Nicaragua. An enterprise of such magnitude does not under any reasonable interpretation of his constitutional powers fall within the sole prerogative of the President. He is spending the public money which Congress alone has the power to appropriate. He is conducting what may fairly be called a war, although Congress alone has power to declare war. There is no reason why he should be permitted to do this without asking permission of Congress.

There are, to be sure, recent precedents which the administration can point to. President Wilson intervened in Santo Domingo and Haiti without consulting Congress. But only the most partisan supporter of President Wilson would maintain, we believe, that this was a sound precedent or that the policy pursued was well advised. A far better precedent is the action of President Wilson in his two expeditions into Mexico; in both these cases he came before Congress and asked for authority.

The Blaine-Pittman amendment can not cure the condition which produces our entanglements in the Caribbean area. But it does provide that we shall not become too much entangled without full public debate. That is a wise provision, for if all the facts have to be debated and authority has formally to be obtained for enterprises like that in Nicaragua we shall at least know what we are doing.

Mr. EDGE. Mr. President, I will consume only about 10 minutes of the time of the Senate. It appeals to me that the so-called Blaine amendment, and for that matter all the other propositions in the form of amendments, present the same difficulty, in that they would delegate to some authority other than the President the power of making decisions or interpretations of international law or precedents under the Monroe

doctrine. All of them, as I have followed the various discussions and the presentation of revised amendments, lead to the result that the final decision shall be delegated to some other authority than the President of the United States, who, everyone concedes, under the Constitution has full power to negotiate and conduct foreign relations.

It appeals to me that this amendment should be entitled "An amendment to the Constitution of the United States through the channel of an appropriation bill, and for the further purpose of transferring the administration of international law from the President of the United States to the Comptroller General." As I view it, there can be no other interpretation of the terms of any of the proposals.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. EDGE. I yield.

Mr. McKELLAR. I take it the Senator is now talking about the Blaine amendment, not about the one I have offered, because my amendment makes no restriction whatever on any power of the President.

Mr. EDGE. I must admit that, with the rapid changes of amendments, I am not entirely familiar with the present verbiage of the amendment of the Senator from Tennessee.

Mr. McKELLAR. I assumed the Senator was talking about the Blaine amendment.

Mr. EDGE. I am directing my remarks generally to the so-called Blaine amendment, and the modified form of that amendment offered by the Senator from Nevada [Mr. PITTMAN], and the amendment later offered by the Senator from Nebraska [Mr. NORRIS], which, as I recall it, is confined alone to Nicaragua.

It was stated yesterday that the verbiage of the amendment was simply a reiteration of international law, and as long as the President adhered to that it would be of no effect. Then the question naturally suggests itself, why adopt it, as obviously the Senate can not decide for the President. In fact, as I followed the debate, Senators disclaim any intention of so doing and freely admit this constitutional power rests alone with the President.

But the moment the Comptroller General, supervising the distribution of the funds of the United States, should suddenly decide that the President was trespassing upon one of the 57 varieties of interpretation of international law, he would be informed that, so far as using appropriations are concerned and regardless of the Constitution, he was really not Commander of the Army and the Navy.

It has since been suggested by the Senator from Nevada that if the Comptroller General refused the funds he should be summarily dismissed. So where are we, anyway? According to rumor, the Comptroller General has overruled many departments in many ways, so under the proposal before us our foreign relations will now likewise be referred to this financial autocrat. I say that in the most generous spirit.

Mr. FESS. Mr. President, will the Senator yield?

Mr. EDGE. I yield.

Mr. FESS. I may have misunderstood the Senator, but did he speak about dismissing the Comptroller General?

Mr. EDGE. Yes.

Mr. FESS. That makes the situation still more delicate, for the reason that the Comptroller General can not be dismissed except by impeachment.

Mr. EDGE. I simply referred to the suggestion made by the Senator from Nevada [Mr. PITTMAN], who stated, as I recall his colloquy with the Senator from Idaho yesterday, that if the Comptroller General should refuse any of these funds, notwithstanding the mandate of Congress, it would be the duty of the President of the United States to summarily dismiss him.

Mr. FESS. But he could not do it.

Mr. EDGE. I am not suggesting that he can.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. EDGE. I yield.

Mr. BORAH. In the absence of the Senator from Nevada, it is proper for me to say, I suppose, that his contention is that under the decision of the Supreme Court of the United States in the Oregon case, the President would have the power to dismiss the Comptroller General, notwithstanding the provision with reference to his impeachment.

Mr. FESS. Mr. President, if the Senator from New Jersey will permit me a further interruption—

Mr. EDGE. I yield.

Mr. FESS. That was the one distinctive feature in the creation of the office of Comptroller General, that the man who was to audit the accounts of the executive department should not be subject to the executive department, and it is written in the law that the only way to remove this independent representative, who represents Congress and not the Executive, is by way of impeachment, or by action of the Congress. The

President has no power over the Comptroller General, and it was never intended that he should have. That is the very point we tried to reach in the Budget system.

Mr. EDGE. I have no desire or thought to question the statement of the Senator from Ohio further than to suggest, that, if that is a fact—and no doubt it is—then the Comptroller General is an autocrat; that his position is apparently such that he could not be removed. Therefore Senators can readily see the possibility of the Comptroller General absolutely taking charge, so far as disbursing funds is concerned, of the foreign affairs of the United States.

Mr. FESS. Precisely.

Mr. EDGE. Mr. President, by the terms of the Blaine amendment, as I understand it, appropriation for troops will be unavailable unless, in the judgment of this official, American citizens are in danger or their property occupied or at least seriously menaced. I realize through the debate yesterday, there is some difference of opinion as to this authority, but the mere fact that able lawyers in the Senate so differ demonstrates the danger of this astounding proposition.

There is an old saying that an ounce of preventive is worth a pound of cure, and in my judgment the occupation by our troops of a country disturbed by internal dissensions has perhaps prevented many what would otherwise have been serious attacks upon the life and property of our nationals.

I point with absolute approval to the policy of President Woodrow Wilson who kept, as I recall it, about 100 marines in Nicaragua during his two terms, eight years, and not a single uprising occurred in that period. It is generally admitted that the Chamorra revolution would not have happened had the marines not later been withdrawn.

During the debate the question has been frequently asked as to whether Sandino was at the present time threatening American life or American property. I recall particularly the Senator from North Carolina [Mr. SIMMONS], who is not now in the Chamber, made such inquiry. In the debate yesterday it was alleged that such activity on Sandino's part was some time ago.

It is perhaps unnecessary for me to point to the news dispatches in the newspapers of the last 24 hours in which it was alleged that Sandino had during the last few days occupied three American mines and had taken a number of prisoners, several of whom were Americans. And yet some Senators would have the marines withdrawn at once.

No one can correctly take the position that we started an offensive movement against Sandino. The testimony of marine officers taken before the Foreign Relations Committee clearly establishes the fact that no movement whatever was made against Sandino until he had actually occupied American property and threatened American lives.

At this point I ask unanimous consent to insert in the RECORD some extracts from that testimony.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Senator McLEAN. What do you think would have happened if we had acted on the defensive only?

Admiral LATIMER. We did act on the defensive only. My orders were that not a shot was to be fired unless our men were attacked. I was in Nicaragua and I had men stationed at as many as a dozen different places from the time we first landed in August until the following April, and there never had been a Nicaraguan even struck by one of our men.

The CHAIRMAN. From what time until what time?

Admiral LATIMER. From August up until the end of March.

Senator ROBINSON. From August, 1926, until March 1927?

Admiral LATIMER. To March, 1927.

The CHAIRMAN. Do you know of any civilians being killed at any time while you were there?

Admiral LATIMER. There were two civilians killed by accident. One boy was killed in Bluefields, monkeying with a gun that should have been unloaded before it was put down; and another civilian was killed in the same way, accidentally. There were no civilians killed, no civilians injured, and no civilians even struck by one of our men until our men were fired on in the neighborhood of Chinandega, just before Mr. Stimson came down.

Senator EDGE. When was that, approximately?

Admiral LATIMER. In April. We were in there from August, 1926, until April 20, 1927, over seven months in that country, policing large areas of it, and, as I say, without firing a hostile shot or without injuring a single Nicaraguan.

Senator McLEAN. After Sandino's unprovoked attack, what would have happened if the United States had assumed the defensive attitude only?

Admiral LATIMER. I gave orders to start after Sandino. I can better preface that with a little history.

Sandino came into the revolution very late. He had only joined Moncada about three months before the disarmament. Sandino was a native-born Nicaraguan who had spent, according to his own statement, some 22 years in Mexico. This, of course, is hearsay, but I believe it is reliable hearsay. He stated that he had been the lieutenant of Pancho Villa in Mexico. He came in across the Honduras border and up the Coco River, separating Honduras from Nicaragua. He had a few men, mostly Hondurans, until he got up to the vicinity of Jinotega, and he recruited several hundred men and joined Moncada, I think, within a month of the time of the disarmament.

He agreed prior to the disarmament—he with the other generals agreed—to lay down their arms, and he gave his word to Moncada that he would lay down his arms.

Senator EDGE. This was approximately what time?

Admiral LATIMER. I can give you the date by reference. May 11 was the date of the disarmament, and then this was about May 9 that Sandino left Moncada and started out up toward the northeastward with about 150 men who had their arms. He went up near Jinotega, which is about 12 miles to the north of Matagalpa.

At Matagalpa we had a force of men at that time. I gave orders that Sandino was not to be disturbed; that we would first try to persuade him to lay down his arms.

General Moncada agreed to go up to Jinotega and see Sandino and point out to him how harmful it was to Nicaragua to undertake to continue what was merely banditry, and he got Sandino's father, who lives in Managua, to go with him.

They went up to Matagalpa and sent an emissary out with a safe conduct for Sandino to come in, asking him to come in to talk with his father and Moncada.

The CHAIRMAN. Allow me to interrupt you there. Who is his father, and what is his relation to the country?

Admiral LATIMER. His father is simply a peasant.

The CHAIRMAN. He is not active in this?

Admiral LATIMER. No; he just lives in the country. But his father was willing to go up and use his influence with his son.

Secretary WILBUR. Moncada, of course, was his superior officer—supposed to be.

The CHAIRMAN. Yes.

Admiral LATIMER. When this emissary returned he said Sandino would come in to Matagalpa to see them the next afternoon. It developed later that as soon as the emissary got started toward Matagalpa, Sandino and his force started for the Honduran border, with the idea of crossing into Honduras. The situation in Honduras—on the east coast of Honduras—was somewhat unsettled, and there were reports of uprisings from time to time, so that the Nicaraguan Government notified the Honduran Government of Sandino's movements, and I understand they sent troops down to catch Sandino if he started across the border. Anyhow, he was turned back. He let all of his married men that were with him go back to their homes. He retained at that time only about 40 men.

Senator EDGE. How do you know that, that he had only 40 men?

Admiral LATIMER. I know that from native sources, from people up there, from the Nicaraguan intelligence system, and from my own intelligence system; it is judgment of my opinion, based on all the information I could get.

In that country news travels surprisingly rapidly, because it is passed along by word of mouth, and after one gets enough reports from different sources, and divides the reports by four or five, one gets pretty close to a fair estimate.

He stopped at one of the small towns and arrested and took into custody the manager of a German business house, a German, and a Nicaraguan, the superintendent of a Nicaraguan firm, and held them for ransom.

Then I thought, as the Nicaraguans had no arms left with which they could preserve order in their country, that it would be about time that we started after Sandino. He had been given every opportunity to lay down his arms.

He went to one of our mines a little further to the eastward and looted that mine.

Senator GILLET. Is that the Butters?

Admiral LATIMER. No; it is the La Luz mine, I think.

Captain KIMMEL. That is there [indicating on map].

Admiral LATIMER. It is an American-owned mine; not a very large mine; not a very large company.

Then I gave orders that the force which we had at Ocotal should go after Sandino.

By that time the rainy season was on.

Senator EDGE. Had the owner of this mine reported the occupancy of this property to you?

Admiral LATIMER. Oh, yes; not only reported it but sent loud cries for help.

Senator McLEAN. Who owned it?

Admiral LATIMER. I do not know. It is a company called the La Luz and something company.

Senator McLEAN. Is it an American company?

Admiral LATIMER. An American company; it is American property.

Senator McLEAN. When Sandino took possession of this mine, what was done?

Admiral LATIMER. He took all of their dynamite and all their supplies and anything that would prove useful to him, or valuable.

The CHAIRMAN. How did he recruit his force? Did they volunteer, or did he draft them, as it were?

Admiral LATIMER. I think his were probably volunteers, because as I told you, there are plenty of men up on that border that are willing to join anybody that will promise them a profitable adventure, whether looting, stealing, murdering, or anything of that sort.

The CHAIRMAN. How were Sandino's men armed? How well were they armed, and with what?

General LEJEUNE. They were armed with rifles and machine guns.

The CHAIRMAN. Were these rifles and machine guns arms that were in their possession and which they had refused to give up?

General LEJEUNE. The general opinion among our officers in Nicaragua is that the arms that Sandino has had, the bulk of them, anyway, are arms that were not turned in at the time of the Stimson agreement. Of course, a great many arms were turned in. My recollection is that there were 13,000 rifles turned in by both sides. And then they always hide arms. These men are not well organized and are not under very good discipline, and they always have a way of hiding arms.

Senator EDGE. This attack on the garrison there was absolutely unprovoked?

General LEJEUNE. Unprovoked and without any warning.

Senator EDGE. Up to that time had our marines engaged in any combat of any kind with Sandino's men?

General LEJEUNE. Not with Sandino's men, no, sir; but at La Paz Centro, on the railway, some little time before that, the town was attacked by a band of marauders, and the town was being looted. They were all in this town; and there was a detachment of marines encamped about a mile away. They were there for the purpose of securing order. Captain Buchanan, who was in command of the detachment, took a platoon into the town. It was about 2 o'clock in the morning. He marched into the town. He got word from the inhabitants that they were being robbed and they were fearful of their lives.

Senator EDGE. The inhabitants sent for him?

General LEJEUNE. They sent for him, and Captain Buchanan took these men in there, and he and one of his men were killed, Private Jackson, from Chicago, and Captain Buchanan. This occurred before the Ocotal fight and had nothing to do with Sandino.

Senator HARRISON. How many of these bandits were there?

General LEJEUNE. In La Paz Centro it was estimated that there were about 200. Buchanan did a very gallant thing. He went right into that town in the dead of night, and the town was full of these people. They were looting the stores and houses; and he was killed by a shot from a window.

Senator HARRISON. How many men did he have when he went in there?

General LEJEUNE. About 40 men when he went in there.

Senator EDGE. How do you reach the conclusion that these bandits at that time had no connection with Sandino, General?

General LEJEUNE. It was a local force; the men around that general vicinity.

Senator EDGE. Had they done similar marauding before?

General LEJEUNE. Oh, yes. That was after the arms had been surrendered, so that you see some of them in addition to Sandino did not surrender their arms.

Senator SWANSON. Do you not know anything about how he expects to try to get control, whether by legitimate methods or to organize any real stable government there? What is your idea about that?

General LEJEUNE. I can not say what he expects to do. I might state right here that while I was in Nicaragua, after a conference with Admiral Sellers, who was in command of the special service squadron, and General Feland, Admiral Sellers wrote him a letter. The admiral initiated that. The letter was very carefully prepared. It pointed out to him that the United States was determined to bring about a state of peace in Nicaragua; that it had agreed to do so, and the fact that it was in earnest was indicated by the reinforcements that were sent down there, and by Admiral Sellers coming with his ships to Corinto, and by the Commandant of the Marine Corps going down there; that the United States had no ulterior motive, and that its only desire was to do something for the good of the people, to allow the people to live in security in their own homes and go about their daily avocations in peace and quiet, and it wanted to hold and had promised to hold a free and fair election under American supervision in November; and that it was perfectly useless for him to make a further struggle; that any further struggle was simply increasing the amount of blood that would be shed. The letter appealed to him on the ground of humanity to come in and surrender his arms, and offered him amnesty in the same terms that had been given to Moncada's force last spring.

Senator ROBINSON. Did you have any reply to that?

General LEJEUNE. Up to the time I left there had been no reply. I saw in the paper this morning that they had gotten a reply.

Senator ROBINSON. Did you know that that was delivered to him?

General LEJEUNE. We dropped several copies of it by airplane to groups of his forces. The airplanes flew over several villages where we knew his people were, and put out a white flag and dropped this message. The people hid when the planes appeared, but when the message was dropped their curiosity got the best of them and they all ran out to pick it up, so that we feel certain that he got a copy of it.

Then another copy of it was sent to him by a man who had been one of his followers, a man by the name of Lobo, who had been arrested and was confined in Managua. He returned and reported that he had given the letter to a reliable man who promised to deliver it to Sandino. He was personally afraid to go to Sandino.

The CHAIRMAN. You have no official knowledge of an answer?

General LEJEUNE. No, sir; we have no official knowledge of it. An Associated Press correspondent came to me yesterday afternoon and said they had gotten a dispatch from Managua that an answer had been received, and asked me about it, and I told him we had no information on the subject.

Senator MCLEAN. What do you think would happen if we should retire from there?

General LEJEUNE. There would be a tremendous lot of killing and looting and robbing. There is nothing there but us to stabilize the country.

Senator ROBINSON. Is he able to supply his force except by looting?

General LEJEUNE. There is a lot of coffee in that country—that is a coffee country—and he seized a lot of coffee last summer and took it into Honduras—and sold it, and bought supplies with it, and ammunition. You see, dealing in arms and ammunition in those countries except Nicaragua is an everyday business. There is no restriction on it and everybody buys arms that wants to buy them. Also, he probably receives money from some people in those countries.

Senator SWANSON. Have you ever received any proclamations, letters, or speeches made, showing his ultimate purpose in this revolution?

General LEJEUNE. Yes. He calls his force "the wild beasts of the mountains," and uses terms of that kind, I suppose, to stimulate the morale of his followers, and he talks in high-sounding terms about organizing a government. I can not see for myself what his objective is, other than to induce us to leave there; and then he having an organized force and nobody else having any, he could make it very uncomfortable for the Nicaraguan people.

Senator SHIPSTEAD. How many people are there in Ocotal?

General LEJEUNE. About 2,000. That is the normal population. It is about 1,500, probably, now.

Senator SHIPSTEAD. How many whites are there?

General LEJEUNE. No Americans. These people of west Nicaragua are of mixed Spanish and Indian blood, and some of them have very little or no Indian blood, while some have a large proportion of Indian blood. They are proud of their Indian blood.

I want to say about them that they are a very attractive race of people, very kindly, very courteous, very hospitable, very generous, and very proud. They have many good qualities. The relations between them and our men are remarkably good.

Senator SWANSON. Is Sandino a Spaniard of pure blood?

General LEJEUNE. He is of mixed blood. He has Indian blood in his veins. His father and mother live near Managua.

Senator SWANSON. It has been stated in publications in this country that those in Nicaragua who are not disposed to have an election are helping Sandino to prevent it. Have you found any indications of the truth of that statement?

General LEJEUNE. I found indications that they were opposing the electoral law that had passed the Senate, the law they call the McCoy electoral law. The Senate passed it unanimously, and it went to the House and they amended it. The amendment is practically a new law. The original proposition was that the elections should be held under the control and supervision of the United States, while the amendment provides that it should be held under the observation of the United States; a very considerable difference.

Senator SWANSON. Is the impression in Nicaragua that no election could be held until Sandino is absolutely suppressed?

General LEJEUNE. You can not hold an election in any part of the country where he is operating, of course.

General LEJEUNE. It was impressed on our men in Nicaragua that their mission was to establish peace in Nicaragua and to gain and keep the good will of the people, and it is really remarkable the evidences that are everywhere existing of the fact that they have successfully carried out this policy of good will as a part of their mission. Everywhere I noticed how friendly the people were to the marines and how friendly the marines were to them. The marine officers and Nicaraguan officials there were also on friendly terms, and I do not believe there is any case in recent history where a force of this size has lived in a foreign country without martial law, without military

commissions, without provost courts, without control of the inhabitants, and has not had serious friction and trouble.

Senator MOSES. What percentage, do you think, of the population feels any hostility toward the activities of the American forces in Nicaragua?

General LEJEUNE. I think it is practically limited to Sandino and to the people with him.

Mr. EDGE. Still the marines should not be in Nicaragua, and the President's future decisions should be controlled by the Comptroller General. Either we scrap entirely what has been the recognized constitutional responsibility and duty of the President or we will not deliberately interpose this type of interference.

Mr. President, if this amendment is to pass, then I think, in all justness and fairness, there should be a section added giving full notice to the American citizens now residing or in business in Nicaragua, and, for that matter, in any other country where disturbances frequently occur, to the effect that the American Government has ceased protecting them, and that the advice of the Senate of the United States, at least, is that they should at once abandon their homes and business interests and return to the United States.

Certainly, if the responsibility of their protection is to be parceled around between Congress and the Comptroller General, their future interests can not but be seriously jeopardized. Of course, we must realize that the Blaine amendment is not confined to Nicaragua. In its terms it would cover China, Haiti, or any other country. I am not sufficiently informed to attempt to even give an opinion as to the effect in these countries, but from the suggestions already discussed, it raises most serious questions.

I note under the terms of the substitute amendment offered by the Senator from Nebraska [Mr. NORRIS] he proposes to confine this senatorial ultimatum to Nicaragua. The words "or unless a state of war actually exists under recognized principles of international law" appearing in the Blaine amendment have been eliminated. I assume this to mean that the President's authority to send troops to Nicaragua would be still further limited, and that if there did exist "a state of war under recognized principles of international law" the President, nevertheless, would be denied the authority of using any appropriation for the purpose unless Congress declared war on some of the belligerents, or unless it was clearly established that there have been physical attacks upon American citizens or their property, or that there is immediate danger of such attacks. Again, the question arises whether the Comptroller General or the President is to decide this situation.

As far as I can ascertain, never before has a President of the United States been restricted through an appropriation bill in the matter of exercising his best judgment in dealing with foreign affairs. Why is it necessary for his benefit to repeat international law? He undoubtedly understands its limitations as well as we, and the assumption that he has overstepped his authority is a matter of impeachment, not legislative direction.

Further, I can not conceive how Senators who opposed the Blaine amendment, when it provided December 25 as the arbitrary date of withdrawal of the marines can find justification to support it as of February 1. The only difference seems to be a difference of five weeks, whatever that means. Surely, if it was unwise to adopt it presenting one arbitrary date, it is equally unwise to accept another. Just because the language of the amendment has been slightly changed, in my judgment it in no way alters the situation. If history repeats itself, any announced arbitrary date for the removal of the United States marines will be a signal for a revolution in Nicaragua.

It has been generally prophesied the Liberals at the next election would win, which would mean the selection of General Moncada as President. Might not this contemplated action of arbitrarily setting a date of withdrawal have some influence upon the voters at the election? I do not know, but it certainly would be disturbing to the people of Nicaragua, I repeat, in view of past history. Frankly, this amendment, to me, presents a combination of near absurdity and great danger.

The traditions of more than a century are to be reversed. For myself, I prefer to run all the risks that would follow a demonstration of confidence in the Chief Executive, whoever he may be, than to transfer clearly defined powers and prerogatives either to Congress or to the disbursing agency of the Government.

Mr. FESS. Mr. President, I had not intended saying anything whatever upon the matter which has been discussed now for a week. I think as it goes along the subject becomes more or less confused. I recognize two sides to the question, especially that phase of it which deals with the United States using efforts to stabilize conditions in another country. I

think it is a rather serious question as to just how far we should go. I am of the opinion, however, that there is general agreement on all sides that if the marines are to be recalled they should not be recalled prior to the election which is to be held in Nicaragua. So far as I know there is no effort on either side of the dispute toward that end.

Mr. President, General Moncada, who made the agreement with General Stimson, would be the one man who could speak for the Liberal Party in Nicaragua, I should think, if there was any man in the country who could so speak. He was a party to the agreement; he was at the time the general commanding the Liberal army; he is the one who was himself concerned in the Liberal progress, and, as was generally conceded, would be the candidate of that party for President. General Moncada submitted his views on the question about the landing of the marines in Nicaragua in a contributed article over his signature, which was printed in *The Outlook*, published in New York. That article was inserted in the *RECORD* in January of this year. Reading portions of the statement of General Moncada, we find this statement:

Certainly Nicaraguan Liberals everywhere have approved unanimously the arrangements of Tipitapa and are grateful for the efforts of General Stimson toward peace. At first there was surprise and hesitation; but sober thought brought faith in the promises of the personal representative of President Coolidge, considering that they involve the honor of the whole Nation founded by George Washington.

There is a general statement that the agreement was unanimously commended by the Liberals of Nicaragua. Further on General Moncada said:

The worth of the election in Nicaragua depends now on the manner in which the arrangements of Tipitapa are carried out. If they are carried out honestly, as I believe they will be, due to President Coolidge's word, the elections will be made with entire equity.

Then, further on, General Moncada said:

We want the independence and sovereignty of our country, and the more we want it, the better government we will build, granted we may live under the ægis of peace and labor. The watchful eye of the United States can be no better employed than in this noble cause. The very Monroe doctrine compels the United States in that direction, for that doctrine postulates for the New World the fullest realization of republicanism and democracy. Because we have had no peace, because our national income diminishes or is used up by war, and the fields lie uncultivated, our great duty is to do away with war. Any sacrifice is small to achieve this objective.

Those are not my words nor the words of a Senator in this body arguing on one side or the other. Those are the words of General Moncada, commanding general of the Liberal army, at the very time the discussion was being carried on. He further continued:

Our country needs a profound peace. If bad government continues to prevail in Nicaragua, if Liberals and Conservatives persist in warring for power, obeying personal ambitions, no nation will be found to extend a friendly hand to us or to treat with us.

Capital is a great necessity in Nicaragua for the development of the country's progress. We have neither railroads nor highways. We are out of communication with the civilized world. The construction of the railway to the Atlantic coast is very urgent to bring us nearer to the United States and to Europe. We need more American capital, and it is our first duty to seek it here, for we are obliged to do it by the close relationship that binds together the countries of America for their mutual defense.

The interest of the United States in the affairs of the Caribbean Sea is a vital interest. If it renounce the vigilance of that sea and its bordering countries, it places its very life in jeopardy, or, at least, exposes itself to terrible responsibilities and wars. This interest of the United States is equally beneficial to our countries, for they are thus defended from all aggression of powers foreign to the continent. In this all the countries of America share a common interest and a common destiny.

Opinion, I am told—

This is very suggestive. It is rather prophetic in President Moncada writing this article prior to the opening of this year—

Opinion, I am told, is divided in the United States as to the policy that has been followed by the Department of State. We Nicaraguans think that we have acquired an explicit right and that the United States has bound itself to an explicit duty. We Liberals fought to place our country once more under the full authority of the constitution. In exchange for peace and free elections we constitutionalists agreed to disarm, and we who signed the agreement have lived up to our duty. If a few armed bands—

He specially refers to Sandino, although not mentioning him:

If a few armed bands remain active in the north of Nicaragua, that is a natural consequence of our civil wars. After these promises it must be established in full justice that if the Monroe doctrine is to be abrogated that must not be done before the United States has discharged its duty as to the 1928 elections in Nicaragua, which should be rendered impartial by its influence. Let every Nicaraguan citizen, without distinction of color or political creed, vote freely, and let power pass into the hands of the representatives of a true national majority. When it comes that day will witness the birth of true democracy in Nicaragua, the first day of genuine republican life—an occasion of rejoicing for all sincere patriots.

Those that accuse the State Department of supporting President Diaz in obedience to the pressure of bankers and for mean reasons of internal and foreign policies fall in logic when they attack the agreements of Tipitapa and the supervision of the next election by the marines. They know that, upon the premature withdrawal of the marines, power would remain with Diaz or Chamorro, and constitutionalists would lose all hope of liberty and democracy. This would be a tremendous injustice.

Here is another very prophetic suggestion coming at the opening of this year, long before the Habana conference was in session:

There is talk to the effect that a move will be made at the next Pan American Congress against interference by the United States in the affairs of Nicaragua and other Caribbean countries. If it is accepted by the Washington Government, we Nicaraguans will demand that it be put into effect after January, 1929—that is, after North American mediation has effected an entirely fair election in Nicaragua. I may add that my opinion on the Monroe doctrine and the need for the influence of the politically advanced nations on the politically backward ones is firmly rooted in deep conviction.

Mr. President, those are the words of General Moncada, who was in a position to speak for the people known as the Liberal element in Nicaragua. No words could be stronger. The statement leaves absolutely no doubt as to what is our duty from his standpoint. Were I to say this, or were Senators here on the floor to speak thus, there would be some question as to motives, but there can be no question as to the motives of General Moncada.

Mr. President, if we were to discuss here, and if we had before us in a succinct manner, the question of how far the United States should go in establishing stability in a country outside of our borders, and no other question was involved, I would be at sea as to just how far we should go. It has been a question of more or less dispute in my mind. It has been at times a question of how far we should have gone in Cuba. I recognize that our position in Cuba was largely due to our peace of mind as a Nation, which was constantly being disturbed by different movements of revolution or rebellion in Cuba, and then certain types of citizens in America going over into Cuba for personal aggrandizement. The question of just how far we should have gone has always been one of dispute.

There has been some dispute as to how far we should have gone in Haiti. So far as I am personally concerned, I think we have done the right thing there. I would not be in favor of coming out of Haiti until stability there is established, if for no other reason that for the maintenance of the Monroe doctrine. The same thing might be said in San Domingo, although we have been out of there for some time.

Mr. President, in 1914, when President Wilson ordered the marines landed at Vera Cruz, I was a Member of the House. On the Republican side there was a furious outbreak, a regular storm, when that occurrence took place. President Wilson was charged with taking steps to make war without authority from Congress, and he was denounced on the floor of that body just as President Coolidge has been chastised in the present instance on the floor of this body. Some of the men who were then Members of the House, who are now denouncing President Coolidge, were then the strongest defenders of the policy of President Wilson. I could take the time to read those speeches if it were worth while, but it is not worth while, and I am not going to use the time of the Senate in that way. I had absolutely no sympathy with the attacks on President Wilson, although I did not belong to his side of the political contest. I think that President Wilson was wholly justified in his procedure under the circumstances in the protection of American life and property, as well as in the maintenance of peace between this country and Mexico.

When Villa was touring all Mexico, in the leadership of a banditti, and President Wilson sent a punitive expedition, under the leadership of General Pershing, to hunt him out, there was

the most bitter criticism on the part of some political partisans against the President. I never felt there was any foundation for that criticism. I believe it was of a more or less partisan character. When it comes to foreign relations, no matter how bitter or intense or keen our differences here may be, they ought not to be allowed to show themselves in matters of relationship between our country and other countries. That is why I deplore the presentation of this question at this time.

Here is an agreement under which we rest and we are bound to carry it out. Whether wise or otherwise, it is our duty to go on. I think it is wise. That agreement is to supervise the elections. When that is done, if conditions will permit, without doubt the marines will be brought home. But who is here capable of saying what will be the conditions immediately after that election? Where is the man who can look into the future and tell which seed will grow and which will not, and say that at a certain time, no matter what happens, we are going to bring the marines out of Nicaragua or out of any other place?

The mere fact that on an appropriation bill we are attempting to interfere with the President's efforts to protect American life and property by stating that on a fixed date after an election in Nicaragua we are going to bring our marines out, leads me to believe that there is no one announcement that might be such a stimulus for untoward conduct in that country. It is unwise, in my judgment, in the extreme. If after the election the matter is brought up, and the question is to be threshed out as an international question as to how far we should go in matters of this kind, then it would seem to me entirely proper for us to discuss it, free of any possibility of in any way embarrassing the foreign relations of the country. To do it at this stage, however, under the threat that if it is not done we are going to prevent the passage of an appropriation bill, is in the first place unwise as legislation, and certainly as international policy it is about the acme of unwisdom.

When the matter passes over until after October, if it comes up in the regular order in the form of a resolution, I shall welcome and not oppose an inquiry into the question of just what is the meaning of the Monroe doctrine, and how far we can go in stabilizing conditions in any country, and as to what should be the proper course for us to take. I shall welcome a study of that subject in the light of the facts. But so far as protecting American lives is concerned, and so far as offering protection to American property goes, I want my country to maintain her honor in making every American feel that wherever he is, if he has a right to be there, he is protected by the authority of the Nation. Anything less than that, in my judgment, would be extremely dishonorable as a nation, and futile so far as our citizens are concerned.

So what I am hoping may be done is for us not to act upon a subject of this sort preceding this election that we must go on and carry out, but permit this appropriation bill to pass, with the understanding that after the election, in the next Congress, this matter can be brought up in a regular way; and if it is our business to define the Monroe doctrine, and to fix the limits to which the President as an Executive can go, then it is a perfectly proper procedure. It is not so, however, as I see it, at this time; and for that reason I am not going to support any of these amendments that have been proposed.

Mr. NORRIS. Mr. President, the Senator from Ohio [Mr. Fess] and several other Senators have had considerable to say about trying to put a limitation on an appropriation bill, and that it would be much better to legislate in the regular way.

With that contention I agree. I would much rather we were not handicapped as we are here by trying to do something on an appropriation bill; but if we are going to do anything, if we are going to give an expression of congressional opinion on what the President is doing in Nicaragua, this is the only opportunity that has ever been presented to us during this session of Congress.

Whatever we put on will not be anything that will last beyond the fiscal year for which the appropriation is made, I admit. It will not be permanent legislation; but it will, I think, fairly give an opportunity to Congress to express its opinion upon what the President has done.

As a matter of fact, Mr. President, the pending amendment, in my judgment, confined as we are to limitations on an appropriation bill, in substance says to the President, "Congress does not agree with you, Mr. President, in the use of the Army in Nicaragua. We do not agree with what you have been doing; but, inasmuch as you have made a contract down there, we are going to permit you to go on and do just what you started out to do and use the money of the country just as you have been doing until the 1st of February. After that we expect you to cease. We expect you then to follow the line, as far as this appropriation goes, at least, that Congress has really outlined."

It is not a condemnation of anybody. I think everybody will concede that the President has a right to his opinions. He may be as conscientious as we are; but, as I look at it, the President ought to have laid the matter before Congress in an official message asking us to legislate on the subject, and we ought to have legislated. So that we are presented as a matter of parliamentary predicament with this condition: Either we must express our opinion on an appropriation bill or otherwise we will not be able to express it at all.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. I yield; yes.

Mr. KING. As I understood the Senator's statement a moment ago, I want to express, with his permission, my dissent from it.

I interpret this amendment which has been offered by the Senator from Wisconsin and the amendment offered by the Senator from Tennessee not only as limitations upon the appropriation bill, but in voting, if I shall vote, for either of them, I intend to express my disapproval of the course of the President of the United States in sending our marines to Nicaragua and keeping them there as has been done, and particularly in entering into the so-called Stimson agreement, which, according to the view of eminent Senators, imposes a moral obligation upon the United States, an obligation even to go to war or to engage in war, if not a legal obligation upon our part.

I disapprove of the course of the administration in dealing with the Nicaraguan question. I disapprove of the Stimson agreement. I think it is unjustifiable. Whether or not an obligation has been created which morally we should carry out presents a different question; but I did not want to assent to the proposition, if I understood the Senator correctly, that the course which we take in supporting these amendments is not a criticism and a disapproval of the course of the administration in Nicaragua.

Mr. NORRIS. I do not disagree with what the Senator has just stated. I think the adoption of the pending amendment is a clear expression of Congress that we do not agree with the President in the making of the so-called Stimson agreement. I have not any doubt about that. We may differ as to how severely we ought to criticize the administration in regard to it, but the amendment does disagree with the President on what he has been doing in Nicaragua. I think I stated it that way. I intended to.

Mr. KING. Mr. President I apologize to the Senator if I misinterpreted him; but I understood him as I have stated.

Mr. NORRIS. The Senator may have interpreted me correctly, and I may not have expressed myself plainly. But, Mr. President, I have not heard anyone yet say in this debate, as I recall it—and I have heard most of it, but not all—that he believed the President had authority to make the Stimson agreement. Personally, I have not any doubt whatever on the question. It was an illegal agreement. There is no legality to it. There is no authority anywhere for it. I tried to make myself plain on that matter before when I addressed the Senate. There is no authority whatever coming from the Congress of the United States or from the Nicaraguan Congress. The President gets his authority, if he has any whatever, from the request or the agreement, whichever way you want to put it, of the Diaz régime in Nicaragua.

Personally, I think the Diaz régime are wrongfully in office. They represent us. We are really making an agreement with ourselves, contrary to the laws of Congress and the Constitution of the United States, and contrary to the laws of Nicaragua, without any sanction from the Nicaraguan Congress. I do not believe there is much disagreement with that proposition.

Some Senators, however—I do not entirely agree with them, but they probably constitute a majority of the Senate—feel that notwithstanding the illegality of that agreement the President has made it, and it is our duty now to carry it out.

I think a majority of the Senate feel that way. I doubt that myself, because if he has disarmed both sides, as the Stimson letter said he was going to do, I think it would be all right to get out, and they would be in better shape down there, perhaps, than they would have been before he disarmed them, because neither side would have any arms.

That, however, is perhaps not a practical question now. It is conceded, I think, that a majority of the Senate feel that since this agreement has been made it ought to be carried out; and so, out of respect for that opinion, these amendments to this appropriation bill have been drafted with that in view. They all permit the President to remain and do what he started to do until after the election, until after the new government is

installed; and this particular amendment puts it one month after they have been installed, so as to clear it of any doubt.

A great deal has been said—and that was the principal reason why I took the floor now—by Senators in this debate to the effect that if we adopt one of these amendments we are really giving to the Comptroller General the authority to pass on this instead of the President. I have great respect for the Senators who have made that argument, but I can not agree with them. To me it seems perfectly plain that in that respect the adoption of any of the amendments will not change the conditions one iota. I can conceive how the Comptroller General might step in and say, "I will pass on the question of whether you have overstepped the limits, Mr. President, and act accordingly." He can do that now. He can do that just the same if we adopt no amendment. The Comptroller General could say now, when any of these expenses come up for allowance, "Why, the Government of the United States has done what it has no right to do under the laws of the country or under international law, and therefore I will not approve these expenses." He can do that to-day, and if we adopt any of these suggested amendments he will be able to do the same thing then.

I do not anticipate that he is going to do it. I do not anticipate that he is going to question the decision of the President. I do not think he will do that now. I do not think he will do it if we adopt any of these amendments.

In other words, on that point it seems to me, whether we legislate or whether we do not, that we have not cleared the matter of the possibility of such a thing happening, and we can not clear it of the possibility of such a thing happening. It is a physical impossibility to do it.

I understand that the Senator from New Jersey [Mr. EDGE] has argued that to-day. I was called out and did not hear all that he said, but in talking with him I learn that that is one of the points he made. He fears that if we adopt this amendment we are going to give to the Comptroller General the authority to say whether under this amendment the President has exceeded his authority or whether he has not.

Mr. EDGE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from New Jersey?

Mr. NORRIS. Yes.

Mr. EDGE. If the Senator is correct in his construction—I will not discuss the legal interpretation—what is the use of the amendment? In other words, as I followed the Senator, he contends that the Comptroller General to-day can stop the disbursement of any money spent illegally. No doubt that is so. Then why say so again and simply repeat law already existing?

Mr. NORRIS. We are saying so in these amendments out of respect for Senators like the Senator from New Jersey and others who want us to say so, as I understand.

Take the Pittman amendment, now, which has been put on the Blaine amendment to modify it. That is one of the complaints against it now; and yet it was put on to satisfy Senators who believe as the Senator from New Jersey does. I am not questioning their sincerity, but the point I want to make is that you can not escape from that dilemma. It exists to-day.

Suppose one of these bills for carrying munitions down to Nicaragua came before the Comptroller General for allowance, and the Comptroller General said, "Why, the President had not any authority to do what he has been doing. I do not think he had, and therefore I will not allow it. Under international law and the laws of Congress he can not show authority for what he is doing down there." The Comptroller General has not done that. I do not anticipate that he will. I do not anticipate that he will question now the discretion that the President possesses, and I do not understand that he will if we adopt this amendment.

Mr. EDGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from New Jersey?

Mr. NORRIS. I do.

Mr. EDGE. Right there is the point. I repeat, what can possibly be the object of the amendment, when the Senator—one of the proponents of one of the amendments, at least—frankly says that he does not believe it will change the situation in the slightest degree?

Mr. NORRIS. I am speaking of the action of the Comptroller General. It will not control that. I do not think we can pass any law on earth but that there is a possibility of the Comptroller General coming in and saying, "Why, this is illegal. I will not allow it." We can not get away from that. We must always legislate with the idea that the executive officials who carry out the legislation of Congress may, rightly or wrongly, say that we have overstepped our authority, even

though as a matter of fact it might be conceded by a fair judge that we had not done so.

So I do not see any point in that. It seems to me that Senators are worrying about something that, if it is a cause of worry, they ought to have been worrying about all this time, ever since we have done anything in Nicaragua. All of that might have occurred.

I have been told that a point of order is going to be made against the amendment as it now stands.

I am rather inclined to think, myself, that as the amendment stands a point of order perhaps is good, technically speaking, and perhaps will be sustained; but I should like to remind Senators who are going to make the point of order, who are saying to us to begin with, "You must not do anything on this appropriation bill," to which we respond, "Under the rules of the Senate we have to do nothing and say nothing, or we have to do it this way," that they are answering their own argument, it seems to me. If Senators feel that way, why not have an agreement that we will open this bill and permit legislation to take place on the bill?

I have talked with the chairman of the Foreign Relations Committee, who has a statement prepared that I think he would be glad to put on this bill. I think it is a fine statement of the law that exists, and would, if adopted, express the judgment of Congress; but it is subject to a point of order. I shall not object to it. Those of us who want any of these amendments will make no objection to that. The same Senators will object to that who, after they have cut us down to the narrow point of simply putting on a limitation, say, "Why, you must not do that, either, because it is on an appropriation bill."

Mr. WARREN. Mr. President, will the Senator yield for a question?

Mr. NORRIS. Yes.

Mr. WARREN. Why not refrain from putting that or any other matter in appropriation bills contrary to our rules? And why not, instead, take it up independently as a resolution, pass it here, pass it in the House, and thus cover the ground?

Mr. NORRIS. All right. Let us agree, then, that we will not object to an amendment on this bill because it is legislation. If Senators, who are trying to be technical, will do that, I think they will clear the surface at once, and we will get a comprehensive statement here, coming probably from the chairman of the Committee on Foreign Relations. I should be glad to do that.

Mr. WARREN. Speaking of being technical, is it not the duty of the Committee on Appropriations to obey the rules which its members, and the Senator from Nebraska and other Senators, have made, to keep legislation out of appropriation bills?

Mr. NORRIS. Mr. President, the Senator must remember that I am not criticizing, and I will not criticize, anybody for making a point against this amendment, or any other amendment, that is legislation. I am not objecting to anyone enforcing the rules. I have always gone on the theory that I would not object to whatever a Senator was entitled to, whatever the rules permitted, even though it hurt ever so bad. But I want Senators to understand that those who are complaining that we are trying to get an amendment on an appropriation bill are themselves preventing us from doing what they say ought to be done; that is, have a comprehensive proposition adopted by Congress.

I remind Senators that if any of these amendments go out on a point of order, we will have to vote on amendments not subject to a point of order. It is not difficult to draw such an amendment, although it would leave out some things I would like to have in the amendment. If we are compelled to be more technical, and to resort to technicalities, we will at least have to vote on an amendment that is not contrary to the rules of the Senate, that would be a pure limitation, and nothing else, but would curtail the power of Congress somewhat to express an opinion, which I think even the President would be glad to have us express if we are not in agreement with him.

FEDERAL FARM LOAN BANK, COLUMBIA, S. C.

Mr. BLEASE. Mr. President, a few days ago I introduced a resolution in the Senate asking that the farm loan bank at Columbia, S. C., be examined into by the Banking and Currency Committee of the Senate.

Yesterday I received some South Carolina papers which I wish to call to the attention of the Senate. First, however, I call attention to a letter I received, dated April 21, as follows:

APRIL 21, 1928.

DEAR SENATOR BLEASE: Illness prevented me from thanking you earlier for your telegram of April 10, concerning your attempt to secure printing of my farm loan relief report. My information was that you

were to appear that morning before the committee. As I thought opportunity might then arise to use parts of that memorandum in your argument, I took the liberty of telegraphing.

Senator NORBECK wrote me later that your resolution had been referred to the Federal Farm Loan Board itself for recommendation. This course appears to me as preposterous as referring the Fall case to Sinclair for settlement! It appears to me that only throwing the matter into the presidential campaign will arouse sufficient interest to gain support for such a resolution. I have been asked by the campaign headquarters of one Democratic candidate to prepare a plank and memorandum. These have been in their hands for a week. If you can see your way to secure the adoption of such a plank, I believe that no matter which party wins a real clean-up might be had later.

Sincerely,

The Senator from South Dakota [Mr. NORBECK] is the chairman of the Committee on Banking and Currency of the Senate. An article in the Columbia Record, Columbia, S. C., April 20, reads:

FARM LOAN HEAD, COLUMBIA VISITOR, SEES BETTERMENT—EUGENE MEYER ON VISIT TO FEDERAL LAND BANK IN COLUMBIA—MEETS DIRECTORS HERE—SILENT AS TO BLEASE CHARGES; BOARD MAKES INVESTIGATION

Agricultural conditions are on the mend and land values may be expected to increase with the betterment of the whole economic situation is the opinion of Eugene Meyer, of Washington, Chairman of the Federal Farm Loan Board, in Columbia to-day to meet with the directors of the Federal Land Bank of Columbia.

Mr. Meyer is accompanied by Floyd R. Harrison, member of the board, and is making his first visit to Federal land banks in the Southern States. Before returning to Washington, Mr. Meyer and Mr. Harrison will pay official visits to the system banks in New Orleans, Houston, St. Louis, and Louisville.

The Farm Loan Board has supervision of the 12 Government owned and operated banks throughout the agricultural sections of the United States. The system was established in 1918 to assist farmers in obtaining funds at reasonable rates of interest to market their crops.

Mr. Meyer was silent in regard to the investigation of the Federal land banks proposed in the Senate by COLE L. BLEASE, junior South Carolina Senator.

"The board is conducting an investigation of the charges."

The Greenville News, published in the upper part of South Carolina, on April 21 carried exactly the same telegram, which I shall not read, but I ask to have the article from that paper printed in the RECORD.

The PRESIDING OFFICER (Mr. McNARY in the chair). Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Greenville News, Greenville, S. C., Saturday, April 21, 1928]

MEYER SAYS INVESTIGATION IS BEING MADE IN COLUMBIA BANK—HEAD OF FARM LOAN BOARD INSISTS FARM CONDITIONS ARE GETTING BETTER

COLUMBIA, April 20.—Agricultural conditions throughout the country are improving, and land values may be expected to increase with the betterment of the whole economic situation in the Nation, said Eugene Meyer, of Washington, chairman of the Federal Farm Loan Board, in Columbia to-day to meet with the directors of the Columbia land bank.

ON INSPECTION TOUR

Mr. Meyer is accompanied by Floyd R. Harrison, member of the board, and making his first visit to Federal land banks in the Southern States. Before returning to Washington, Mr. Meyer and Mr. Harrison will pay official visits to the system banks in New Orleans, Houston, St. Louis, and Louisville.

The Farm Loan Board has supervision of the 12 Government owned and operated banks throughout the agricultural sections of the United States.

TALK OF INQUIRY

Regarding the investigation proposed by Senator COLE L. BLEASE in the Senate, Mr. Meyer had no comment to make, except to say:

"The board is conducting an investigation of the charges."

Mr. BLEASE. Mr. President, it seems to me very strange, when a set of men are accused on this floor openly of being thieves, of absolutely stealing through the Federal Farm Loan Bank of Columbia, S. C., that the chairman of the Committee on Banking and Currency of the Senate should refer the investigation of that matter to the very people who are accused of being particeps criminis to this theft, and helping to conceal from the public the very thievery that is being charged by the resolution which is before the Senate.

Yet here is Meyer himself, the chairman of the board, giving out an interview in the city of Columbia to the effect that he is there investigating this situation, and here is a letter from a highly responsible and respectable citizen saying that Mr. NOR-

BECK, the chairman of the Committee on Banking and Currency of the Senate, wrote them that the matter had been referred to Meyer, the man who, as I have said, is supposed to be protecting and helping these people down there in that situation.

I do not care to take up the time of the Senate in reading other proofs that I have here, but I am going to ask that a letter from Harmonsburg, Pa., dated April 11, 1928, from Mr. Xeno W. Putnam, secretary and treasurer of the third National Farm Loan Association in Pennsylvania, and a letter from my secretary to him and his reply to me, be published as a part of my remarks; also an article appearing in the Sunday New York Times of April 22, 1928; also an article submitted in behalf of the American Farmer. I ask that these be printed with my remarks in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

HARMONSBURG, Pa., April 11, 1928.

HON. COLE L. BLEASE,

United States Senate, Washington, D. C.

MY DEAR SENATOR: I have been reading your remarks on the floor of the Senate regarding certain farm-loan matters with great interest, as they appear in the CONGRESSIONAL RECORD. Have just written Senator DENEN urging a favorable consideration of Resolution 167; have also written all of the other members of the Committee to Audit and Control the Contingent Expenses of the Senate briefly asking their support.

In reading over the various hearings given in the past to farm-loan matters, and also in my own experience with them, I have found these farm-loan fellows depending almost wholly upon two things for vindication:

First. They deny all charges and stamp their denial with their official authority, and so make the complaints and charges of mere farmers inconsequential by comparison.

Second. Instead of meeting specific charges with specific evidence, they almost always resort to more or less indirect personal disparity—this man ran against one of our officers for some office; that one tried for an appointment which he did not receive; this complainant had trouble with our department over some of his own accounts; that one got delinquent in his payments; another one had a political earache where he ought to have had the gout. These and not evidence you will find occupying pages upon pages of their "defense" in the hearings or in letters to Members and others; and far too often their subterfuge has worked. It would seem that a good many men who ought to know better allow themselves to be talked away from the main issue in just this way. I suppose they must forget that the real test of any administration or of any system comes when there is some clashing of interests.

The News and Courier editorial, reproduced in the CONGRESSIONAL RECORD for April 2, brings out a striking similarity between certain of your own experiences as an investigator of the farm-loan records and one of mine. They quote Farm Loan Commissioner Meyer as saying that "the Department of Justice had investigated the situation and had found nothing to indicate that the Columbia Bank or its officers were involved in any irregularities." At about the same time, however, the Department of Justice was refusing to let an outsider (yourself) see those reassuring records.

Back in 1925 the Farm Loan Board wrote an inquisitive Member of Congress that "in order to satisfy him (myself) we had a special examination made of the National Farm Loan Association, of which he is a member. The examination disclosed nothing wrong with the accounts of the association and afforded no basis whatever for Mr. Putnam's numerous complaints." At the same time or shortly before they were refusing to let an outsider (myself) see those reassuring records, and are still refusing, although the defaulting local official who is being protected by this secrecy will be protected by the statutes of limitation within a very few months. If Farm Loan Commissioner Meyer denies my statement, ask V. R. McHale, his chief examiner. If he also denies it, I'll send you certified copies of his own letters and official figures proving what I have said, proving by figures which the Farm Loan Board possess that there was a defalcation and that the board made repeated attempts through their accounting department to conceal it; that after five years of controversy they were compelled last July to disclose a secreted bank account, in a bank that has never before nor since carried one dollar of farm loan or association accounts excepting this one which, until last July, they had concealed since November 3, 1922.

Whether these farm-loan people should be measured for stripes or whether they also carry among their concealed paraphernalia golden harps and folded wings the farmers and stockholders and bondholders have a right to know the facts, and if anyone is afraid or ashamed or unwilling to have them know facts it is all the more urgent that facts be known.

That is what farmers all over this country are talking among themselves, whether they write their Congressmen about it or not. They want facts, the truth, more light, and they are not caring specially whom it hits or whom it misses. If these men in the bureaus and departments are afraid of facts and the truth and more light, we want

Congress to help us force them to give it. Surely Congress should not be afraid.

As the farmers understand it, Senate Resolution 167 is intended to do this very thing; that is why we want it; and we do not feel that we are asking an unreasonable thing of Congress when we ask of it the chance to know what these men who have been put over us against our will are doing with our fellow farmers, our banking system, and our money.

We have found out that you are not afraid to have the truth brought out; we have faith in Congress to believe enough Senators are not afraid to turn on the light. If any of them are, some of us are watching and hoping that their fears and the cause of them will be brought to the surface. We know that among the farmers themselves a subtle intimidation that has been rather hard to locate even though we know of its presence has done a great deal in the past toward the silencing of complaints.

Trusting that Senate Resolution 167 will by its passage give us the honest facts about our own banking system which any honest business ought to court, and knowing in advance that you are going to do your best to give us that chance, I am,

Respectfully,

XENO W. PUTNAM,

*Farmer, farm writer, organizer, and for three
years secretary-treasurer of the third
N. F. L. Association in Pennsylvania.*

WASHINGTON, D. C., April 12, 1928.

MR. XENO W. PUTNAM,

Harmonsburg, Pa.

MY DEAR MR. PUTNAM: Senator BLEASE has your letter of April 11, and in reply the Senator will thank you to advise him whether you would object to the use of this letter on the floor of the Senate, as he would like to read it and make some comments thereupon.

With all good wishes, and assuring you of the Senator's high esteem, I am,

Very respectfully,

JOHN D. LONG, *Secretary.*

HARMONSBURG, PA., April 16, 1928.

MR. JOHN D. LONG,

Secretary to Hon. Cole L. Blease, Washington, D. C.

MY DEAR MR. LONG: Your letter of the 12th only reached me late Saturday night, owing to my absence. In reply I take pleasure in stating that any use whatever which Senator BLEASE desires to make of my recent letter to him will be entirely agreeable to me.

I have been following the Senator's efforts in the direction of a farm-loan investigation ever since Senate Resolution 159 was first introduced by him, and am, of course, even more interested in the furtherance of Senate Resolution 167. I have no doubt there are several bureaus and departments which need investigating. From personal experience and observation I know that the Farm Loan Bureau does.

With best wishes, and hoping most earnestly for the successful termination of the Senator's fight for the farmers' land banks, I am,

Respectfully,

XENO W. PUTNAM.

[Article appearing in Sunday New York Times, April 22, 1928]

EXAMPLE OF SOVIETIZATION SEEN IN FARM LOAN SYSTEM—GOVERNMENT OPERATION OF LAND BANKS IS HELD TO BE IN CONTRAVENTION OF AMERICAN PRINCIPLES

TO THE EDITOR OF THE NEW YORK TIMES:

The letter published in the Times of April 8 and signed "M." was to the point. He maintains that our Government is slowly but surely being sovietized, but he could have cited a more striking illustration.

DIRECT COPY OF RUSSIANIZED SYSTEM

For example, there is the Federal farm-loan system, as operated through the 12 district Federal land banks. Few people realize to what degree this great system of banks has recently been taken over by bureaucrats or the unique precedent established under our form of government, which is a direct copy of that prevailing with disaster in Russia.

This farm-loan system was established by act of Congress, which also provided that the sum of not to exceed \$100,000 should be advanced out of the Federal Treasury to capitalize the 12 district land banks, to start the system going, which sum was to be repaid into the Treasury as the farmers made loans and subscribed to and paid for the capital stocks of the banks. The farmers, like stockholders in our national banks, also assumed a double liability of 10 per cent, the amount of their loan. Upon repayment of this \$100,000 back into the Treasury the act provided that the banking system should then be turned over to its rightful owners, the farmers.

DEPLORABLE EXAMPLE OF "TOO MUCH GOVERNMENT IN BUSINESS"

This venture was, from the outset, a political experiment. There are many sane bankers who now testify that it is a deplorable example

of "too much Government in business." Surely the system, confronted with a great grist of farm-mortgage foreclosures throughout the land, now faces a crisis which is very real.

URGENT NEED OF INVESTIGATION PROPOSED BY SENATOR BLEASE

Senator BLEASE, in making his recent appeal for the fullest investigation of the system, gave the Senate some facts to consider which were a surprise to many. He cited official documents which seem to demonstrate that all is not well; he gave the testimony of many farm-paper editors that their readers were not satisfied with the service, while many farmer-stockholders were most urgent that the banks be investigated in order that conditions which were pictured as pitiable might be remedied.

CONGRESS FAILED TO KEEP FAITH WITH FARMER-OWNERS

Much of this is due directly to the fact that Congress failed to keep faith with the farmer-owners of the banks. Before they were able fully to repay to the Treasury the sum advanced to capitalize the banks Congress passed an amendment to the fundamental act whereby the system was withdrawn from the control of the farmer-owners and vested in political appointees, who were given the widest latitude in the management, even to dictating the forms and rules of farm-loan associations. This in spite of the fact that farmers owned the stock and assumed the liability that safeguarded the entire system.

PRESIDENT WILSON'S STAND

In his first annual message, pressing home the need of a great rural credit system for our farmers, President Wilson said: "The farmers, of course, ask and should be given no special privileges, such as extending to them the credit of the Government itself. What they need and should obtain is legislation which will make their own abundant and substantial credit resources available as a foundation for joint, concerted, local action in their own behalf in getting the capital they must use."

GOVERNMENT GOES INTO BANKING BUSINESS

But the Federal Government did step right into the operation of the Federal farm-loan system, and is in it to-day, deeper than ever, despite the fact that the 12 district land banks are owned by the farmers. This is contrary to every fundamental principle of our Government.

SENATOR CURTIS OPPOSES MOVE

Senator CHARLES CURTIS, of Kansas, Republican whip of the Senate, said on this: "Would it not be better to let the farmers themselves manage these banks exactly as the law intends? * * * This is the secret of the soundness and success of innumerable borrowers' banks of various kinds, among which failures are rarer than among ordinary banks."

CONGRESS SOVIETIZED THE FARMERS' LAND BANKS

Yet Congress did take the banks out of the hands of their owners, sovietized them, and established a red-tape political administration, which has hopelessly manipulated them along political lines until many advise that a national scandal is now impending.

MANY MORTGAGES FORECLOSED

Wholesale foreclosure of farm mortgages is being carried on and, as J. B. Morman, economist of the Federal Farm Land Board, has well said, "Neither the amortization method of repaying loans nor the beneficent intention of Congress has been able to save the farmers from the fear of foreclosure. The policy which seems to have animated friend and foe alike is to fleece the farmer for all he is worth. Large numbers of farms have been sold under the sheriff's hammer in behalf of land banks as mortgagees. The heartlessness of the money sharks is not unknown to the Federal farm-loan system, for neither the farmer who fails to pay an installment on his loan nor his local association which has indorsed his mortgage can ward off the foreclosure proceedings, as this policy is being mercilessly carried out by both kinds of land banks."

ASHEVILLE, N. C., April 17, 1928.

JAMES G. GARVIN.

[Statement submitted in behalf of an American farmer who had his stock in the Federal land bank stolen by the Harding-Coolidge administration, who now manipulates that which he owns]

FOR STEALING IS STEALING STILL

"In vain we call old notions fudge,
And bend our conscience to our dealing;
The Ten Commandments will not budge,
And stealing will continue stealing."

As the Chinaman would say, "We most humble submit" the above little couplet to the leaders of the Coolidge administration as worthy of a place in the 1928 platform to be adopted at Kansas City, and as humbly suggest that this be given an honor position in their Sinclair-oil, farm-loan, and farm-relief sector. For "confession is good for the soul," and "birds of a feather flock together," as they say out in Indiana!

The Teapot Dome and farm-loan land bank steal are one and the same, both birds of like feather, the latter being less advertised, though

more gigantic, than the former, but thrusting the saber into the very vitals of our American form of government and constituting the most bold piece of highway robbery ever effected by act of any legislative body in the history of the world—the taking away from the thousands of American farmer-owners of the 12 district land banks of their property rights and depriving them of the simple privileges of managing the banks which they now own through purchase of capital-stock shares sold under legal pressure, as per an act of Congress, and assumption of a legal liability as a result of the same process of American law.

When Senator WALSH of Montana pried off the top of the Teapot he said there might have been tea in it once, but the present odor was quite different from tea! And, by the same token, when Senator COLE L. BLEASE, of South Carolina, endeavored to tilt the top of the Farm Loan Board's chest an odor equally offensive was noticeable for some distance, but the worthies (?) were at hand to keep the cover on. This only illustrates how Congress, under the present strange method of doing business, will set up a little, apparently insignificant bureau, and in 10 or 12 years it becomes greater than the parent that conceived and fathered it. We have witnessed in the past six weeks a Farm Loan Bureau that is bigger than the Senate, and which brings to its assistance those other wings of the Government to protect it from an honest and searching investigation of its stewardship—the Department of Justice, the Treasury Department, and the White House. All the power and pressure of the Coolidge administration has been brought into action to stifle every endeavor to learn the simple truth about the operation of the Federal farm-loan system. Senator BORAH, four years ago, in his endeavor to get at the truth, quickly discovered this.

The joke of it all is, "Andy" is chairman of the Farm Loan Board, which explains quite a little. And, don't forget, "Andy" isn't so particular, either. When they took up that gigantic scandalous collection in Pennsylvania to put over the Mellon-Pepper campaign, which smelled almost unto heaven, then it was that "Andy" declared that it was "as pure as a church collection." But it must have been taken up in a different sort of church than you and I are familiar with. Yes; they are different in Pennsylvania. It seems it has also got into their religion as well as into their politics.

"WHISPERING" BILL OF THE MOVIES

But "Andy" did back up when "Whispering" Bill Hays came along with a block of Sinclair's Teapot Dome Liberties. But "Andy" hasn't thus far revealed any compunctions to holding within his iron grasp millions of dollars' worth of the farmer's Federal land bank capital-stock certificates and voting them as he pleased, although "Andy" is a banker himself and knows full well that the owners of bank-stock certificates are the only ones who can honestly vote the stock under the American plan of doing business.

It is widely proclaimed that "Andy" is keeping his rocking-horse brigade from the hills of Pennsylvania as much uninstructed as they appear unintelligent, and that, at the last second, he intends to swing them to another dark horse at Kansas City who is willing to take the Mellon bit in his teeth and gee and haw as "Andy" orders.

Therefore, we suggest that "Andy" be named a committee of one to arise at the proper moment and move that the four-line verse above be incorporated into the 1928 Republican platform. No man in the United States has had a larger hand in the steal of the farmer's bank stock, and the illegal and forceful retaining of it, depriving the farmer of his rights, than has "Andy." Therefore, "Andy" is just the fellow to demonstrate again that "confession is good for the soul," even if it does injure the pocketbook and pride.

"QUIET IS THE WORD, BROTHER!"

How many times, in the past eight years, has that sententious sentence passed between cohorts in Washington, but now let "Andy" breathe forth confession. Yes; and it has been quiet all over the United States, so far as the Federal farm-loan system goes, under the present Mellonized political manipulators. It has been too darned quiet most everywhere, with thousands of worthy farmers unable to get their loan applications even considered by the Mellon appointees; with other thousands getting in and receiving an initiation according to the Mellon ritual—high commissions (contrary to the farm loan act), stiff fees to title attorneys who "searched" unnecessarily cumbersome titles for the Mellonized land banks, steep annual surcharges against them after they got in, and sadder still, if they made a failure for a time, giant commissions to the lawyers who foreclosed their loans and who kicked them off their farms. "Quiet is the word, brother!"

DID NOT TELL FARMER THE TRUTH

The Mellonized efficiency and economical administration of the Federal land-bank system were just as quiet when it came to advising the unsuspecting farmer applicant regarding the true status of the Federal land-banking system, as per the same Mellonized schedule, which calls for legal sale of bank stock to unsuspecting farmers who can not vote it after they have paid for it, because Mellon withholds that privilege unto himself; the legal pressure of assuming a 10 per cent liability in a land-banking system which Mellon and his hirelings completely dominate, permitting the "foolish farmer" to pay the bills Congress refuses

to pay, and a general quiet treatment with regard to advising the same farmer that he is getting into a banking system operated even more radical than any which has ever been suggested for Red Russia. Again we repeat, "Quiet is the word, brother!"

NO STATEMENT OF STEWARDSHIP

The same Mellonized devotees of the 12 Federal land banks likewise were equally quiet in advising unsuspecting farmer applicants that they would not receive a statement of the stewardship of the Mellonized bank appointees that they could read and understand. They did not truthfully declare to these farmers wanting loans that no farmer-owner of any one of the 12 banks has up to this date had a full and a complete statement of the property which they jointly own, but that such enormous holdings as hundreds of thousands and millions of dollars' worth of farm lands which the banks have taken over are now listed on the statements of every land bank, save one, at Spokane, as "hidden assets," whereas, truth should have placed these abandoned farms under the heading of "open liabilities." Again we repeat, "Quiet is the word, brother!"

United States Senator after Senator has endeavored to secure from the Farm Loan Board and from the district land bank serving his district a simple statement of the financial condition of the particular bank, and been handed a fist full of figures which no sane man could assemble as related to a banking institution's operations. The most ambiguous phrases are used, which may mean almost anything or else nearly nothing. "Quiet is the word, brother!"

BANKERS UNABLE TO UNTANGLE LAND-BANK FIGURES

Recently a commission representing Canadian banking interests visited various parts of the United States in an endeavor to secure something like accurate information regarding the first decade's operation of this gigantic political banking system, as dominated by "Andy," but they returned home without the facts. They reported to their members that it was impossible, with the present system of book-keeping in vogue, from farm-loan associations through Federal land banks to the Farm Loan Board's Washington office, to secure figures and facts which were either dependable or susceptible to analysis. For example, there is not available figures to show how much the local agents get as their "rake-off" from the farmer securing a loan, or who endeavors to get a loan; and the whole system of record keeping is unfaithful and out of line with any other known system now in vogue in this country. How many farmers who are now in the ranks of the faithful, and how many trying to get in, have been told these essential facts by the Mellonized appointees? "Quiet is the word, brother!"

PILLAGERS OF COOLIDGE ADMINISTRATION

As the pillagers of the present administration are about to retire, let them join hands in putting the verse into the platform. Any other declaration by a political administration that has thus pervaded justice with a putrid system of political plundering unparalleled in history could not be expected to do less; and, truthfully, how could they honestly do more? "Confession is good for the soul," and "Birds of a feather flock together."

Again we repeat the suggested farm relief, or "relieving the farmer" couplet, proposed as a Republican platform plank:

"In vain we call old notions fudge,
And bend our conscience to our dealing;
The Ten Commandments will not budge,
And stealing will continue stealing."

GIVE US A REAL INVESTIGATION

If the manipulators of the political Federal farm-loan system, as pillaged under Mellonized methods, were as honest as they would have people believe, they would have absolutely nothing to fear from an honest, unbiased investigation of their administration; and they would not be so quick to come to the rescue of the "weak sisters" in their fold, who, because of shortcomings and inability, are now wrecking a great farm mortgage banking system. The record shows that every endeavor to investigate the Federal farm-loan system, from the first period when Members of the Senate and House, under pressure from farmers "back home," endeavored to get at the truth, they have been frustrated by a political gang as strong and vicious as operated in Chicago by "Bill" Thompson.

For the present silent partners of the farmer, who dominate the workings of the Federal farm-loan system, have erected in the past 10 years one of the most gigantic political machines in the land. Thousands of loan agents, thousands of attorneys who feed off fat commissions when the farmer's loan is passing through, and who needlessly spend many hours "searching" titles, resulting in fat rake-off charges, and who further pillage the farmer when they foreclose his mortgage, as court records prove; a gang of soviet secret police who travel around the country under the guise of farm-loan association examiners, "blackjacking" every individual who really represents the farming interest, and whose action and thoughts run contrary to those of the Mellonized pillage crew; a horde of hangers-on in the 12 district land banks—all these bring pressure and testify before the Banking and

Currency Committee whenever there is pending legislation or a wish for an investigation. "Ward-heeling" politics rules supreme, and the farmer who owns the capital stock in the land banks is not heard by the committees, who base their entire action upon the testimony of outside political hangers-on of the Mellonized banks.

It is now time that the country at large, and the farming industry in particular, enjoy a full, free investigation of the entire land-bank system. Therefore we suggest that the Senate adopt a resolution which will force the respective district land banks to furnish a committee with the names and addresses of the borrowing farmers, whose loans they carry, and that the Senate committee direct a communication to the farmer owners with respect to their wishes in the matter of permitting politicians to further completely dominate the business which these farmers were legally forced to purchase, which they now own, but which, through a trick during the Harding-Coolidge maladministration of the farmers' banks, was turned over to outside politicians to rule.

Let this Senate committee ask the farmer such questions as these: "Are you satisfied with the present management of the land bank in your district?" "What did it cost you to get in?" "Who received the money?" "Were any political or questionable methods adopted by those in charge prior to the granting of your loan?" "Did you know when you were legally forced to purchase and pay for capital stock in your land bank that outside political appointees would operate the bank which you would then own?" Also, "Do you believe that a political banking system is to the best advantage of agriculture, or do you believe that the farmers who now own these banks should have the fullest privileges in the management and operation of the banks, as contemplated in the original farm loan act of 1916?"

Other equally pertinent questions might be asked the farmers who now own the great Federal farm-loan system, but the answer of the nearly 500,000 farmers who are now in the fold, to the above questions, would furnish the basis of a real, honest investigation of what has been done, what should be done, and this type of an investigation could be effected without hamstringing and bog-tying methods which have characterized the alleged investigations of the past, in which Mellonized politicians have contributed the major portion of evidence, and in which the farmers, who are the only ones with any claim, have been stifled or not even permitted to peep. In fact, most of the committee hearings have been held entirely unheralded, and only those in the confidence of the politicians, possessed of the secret password, have been permitted to testify before the committee when such so-called investigation was pending.

Before the country faces a national scandal, and before a great farm-mortgage lending system which, properly administered, may prove of service to farming, has been wrecked by Mellonized politicians is the time for the Senate to act. Millions of dollars' worth of abandoned farm lands are now in the hands of the 12 Federal land banks, not even earning ample funds to pay taxes, not to mention semiannual interest charges or principal sums, so that the bond interest must be paid out of other funds which rightly belong to the farmers who are making good. These farmers, because they succeed, are being penalized under the present management.

Hundreds of millions may be saved by acting now. Surely no Member of the Senate or House can consistently state, after the scandal storm breaks forth, that he did not have ample warning that it had been pending for a long period of time. Individual farmers by the thousand, acting as individuals and through their respective farm organizations, have for five or six years demanded a different deal than has been rendered to farmers under the present management of this system. The Senators and Representatives have had ample warning and should now take note, and, better, take action looking toward a searching investigation of the entire Federal farm-loan system from top to bottom.

Not only should the activities of the 12 district Federal land banks come in for fullest investigation, but the intermediate credit banks, officered by the same staff of officers, and who now draw down fat salaries, out of all proportion received by them prior to their connection with the banks. One land bank now has as its secretary a man who drove a bakery wagon prior to his election to a land-bank office; he received only a few dollars a day salary then, but he now receives a handsome salary aggregating \$7,500 per annum. What possible qualification has this man for acting as executive officer in a land bank, handling the farmers' business, and taking action which threatens destruction to the helpless farmer-owners of that bank? Another officer held an insignificant office in the Department of Agriculture when the farm loan act was passed. In fact, he received a mere clerk's pittance—\$1,500 per year. Under Mellonized methods he has graduated into a land-bank president and receives \$10,000 per annum plus handsome "expenses" to journey about the country. Another man was a floorwalker in a department store; he is now an expert (?) in a land bank at a fat salary—taken from the farmer-owner's surplus. These are only a few of many striking illustrations of the reason why we need a searching investigation of the present plundering of the land banks. The Senate and House should gladly help the farmer-owners of these banks to free themselves from

the hobbles which now cloud the skies and which make successful, serviceable operation of the banks hopeless.

BOND SALES STIFLED

The number of farm-loan bonds offered for sale has been so small as to seriously handicap the functioning of the various district land banks. This is due entirely to the present political methods pursued in issuance and offering of these bonds, which comes exclusively under the domination of the Treasury Department, and which has given Mellon the whip hand over the farmer borrower. No bonds have been issued without the all-important Mellon O. K. Investigation will demonstrate to the entire satisfaction of any parties that the present method of handling farm-loan bonds is both unsatisfactory and needlessly expensive.

Under the guise of instituting an agency capable of handling as many Federal land-bank bonds as required to finance the needs of the farmers, a separate unit was organized. This was headed by Charles E. Lobdell, former farm-loan commissioner, and he, through the instrumentality of his own appointees—the presidents of the 12 district Federal land banks—at a secret conference held in Washington, was named fiscal agent of the banks at a salary two and one-half times as large as he ever received as member of the Farm Loan Board, namely, \$25,000 per year plus handsome expenses. The farmer-owners of the banks were never given an opportunity to vote upon this expenditure and never have been permitted to speak their minds, yet the money which is devoted to the salary of the agent and the enormous expenditures—a continual monthly drain on the treasury of each of the land banks—comes out of the pocket of the farmers who own these banks. This is listed in the report of the Farm Loan Bureau under the heading of "Extension and publicity." For the month ending February 29, 1928, the figures were stated as follows:

Expenditures for "extension and publicity"

District land bank	January, 1928	February, 1928
Springfield, Mass.	\$1,520.48	\$1,450.30
Baltimore, Md.	864.36	627.93
Louisville, Ky.	86.76	433.12
New Orleans, La.	61.62	245.79
St. Louis, Mo.	4,415.55	3,392.34
St. Paul, Minn.	5.25	548.75
Omaha, Nebr.	675.78	993.40
Houston, Tex.		427.93
Berkeley, Calif.	12.91	109.44
Spokane, Wash.	6,927.40	7,781.46
Total	14,570.11	16,010.46

The bond departments of the 12 district land banks expended during January, 1928, the sum of \$2,641.69, and during February, 1928, the sum of \$2,526.74. Thus, these items represent expenditures aggregating between \$18,000 and \$20,000 per month, against the respective farmer-owned bank funds, or an enormous annual expenditure. The claim is made, of course, that an enormous saving is made the banks under the present method of selling these bonds, compared with the former methods employed. Of course, the bonds do sell at a premium, but it is safe to say that a superior method could be developed of handling these bonds, and that a greater volume could be disposed of were the issuance and sale removed from the domination of the Treasury Department. This would insure the system of having sufficient bond money at hand to meet the loan requirements of every worthy farmer, instead of one out of six or eight farmers who apply for loans, as for some time past.

As the conservative Farm Journal, of Philadelphia, and the Farm and Fireside, of New York, have long insisted, the disposal of farm-loan bonds should be separated from the administration of the Treasury and vested in the hands of an independent agency, capable of meeting the urgent needs of the farmer to be served by this system of land banks.

[Extract from address delivered by George H. Smith, president of the Dominion Mortgage & Investments' Association of Canada, at the annual session]

BRANDS FEDERAL FARM-LOAN PLAN A QUESTIONABLE CLASS LEGISLATIVE ADVANCE TO FARMERS—MENTIONS FAILURES OF THESE BANKS—WHOLESALE FORECLOSURE THREATENS SECURITY OF ENTIRE SYSTEM

Unfortunately rural credits have become a political football due to the unprecedented political situation in which two political parties, neither of which were convinced of the necessity for any such scheme as advocated, or of its practicability, outbid one another in effecting a gigantic farm-mortgage scheme, which has not proven itself a panacea for all the economic ills, and few of those for which it was intended.

The success which it is assumed has attended the Federal land-bank system of the United States is strongly urged as an argument in favor of Canada adopting some such form of loaning money to farmers.

TAX EXEMPTION CONTRARY TO AMERICAN PRINCIPLE

The claim that lower rates of interest are possible is based upon experience in densely populated European countries where conditions are entirely different. The low rates which the Federal farm-loan system

have made available to farmers have been made possible, as you know, by the fact that their funds are obtained from the sale of bonds exempt from all forms of taxation. No one will suggest that funds for loaning in Canada be obtained by reverting to the issue of tax-free bonds, which were deliberately abandoned some years ago. If such a retrograde step were proposed, would the governments of the Dominion and the Provinces be fair enough to enable the presently constituted lending institutions of the country to similarly obtain funds for loaning at lower rates by making free from taxation the securities our land-mortgage companies sell to the public? If not, why not?

NOT PART OF ORIGINAL PLAN

Even in the United States the tax-exemption feature was not a part of the original plan, but was superimposed when it was found that the scheme was not proving successful, and after the country had been committed to it, and also before there was any Federal income tax of importance. The report of the original commission upon which the legislation was based said:

"LAND BANKS WITHOUT GOVERNMENT DOMINION"

"It is the opinion of the commission that our American problem of rural credit should be worked out without Government aid.

"One of the great lessons learned in Europe is that in the long run the farmers succeed best when they help themselves. Whenever they become dependent on the government, they keep looking to the government for more aid. It is believed to be a correct general statement that rural credit is on the strongest basis in those countries where it has been developed most completely without government aid.

"Even granting the great importance of agriculture, it is improper for all the people to be taxed in order to assist the prosperity of even a great class like the farming class."

PRESIDENT WILSON CONDEMNED GOVERNMENT OPERATION OF FEDERAL LAND BANK SYSTEM

President Wilson, in his message to Congress, said:

"The farmers, of course, ask and should be given no special privilege, such as extending to them the credit of the Government itself. What they need and should obtain is legislation which will make their own abundant and substantial credit resources available as a foundation for joint, concerted local action in their own behalf in getting the capital they must use. It is to this we should now address ourselves."

A EUROPEANIZED SYSTEM FOR AMERICA WILL NOT SUCCEED—THE COOPERATIVE LOAN ASSOCIATION OF GERMANY AND DENMARK OPERATED QUITE UNLIKE THE FEDERAL FARM LOAN SYSTEM—MAKES FOR STABLE LAND VALUES RATHER THAN UNSATISFACTORY RESULTS OBTAINING IN UNITED STATES AS DIRECT RESULT OF OPERATION OF SUPERPOLITICAL LAND BANKS

Then the example of western Europe is put before us, and we are told that capital is available at 5 per cent. There is a failure to recognize the fact that rates fluctuate there as elsewhere. There have been occasions where in Germany and France money was not obtainable at all, and others in which rates as high as are charged in western Canada, and even higher, had to be paid. There have been other investigators of European conditions whose reports are available. One made in 1924 is by the Agricultural Tribunal of Investigation appointed by the British Government. It says:

"In the first instances, the German Landschaft was a means for meeting the credit requirements of the nobility. The restrictions have gradually been removed, first, in favor of properties of intermediate size, and finally there were admitted to membership all rural properties of not less than 500 thalers in value, the yield of which was such as to insure the economic independence of the owners."

The fact is that in Germany the owners and borrowers are chiefly wealthy landowners, who do not occupy and cultivate the lands but lease them. There a mortgage has a prior position as perhaps nowhere else. There are no weed taxes, no wild land taxes, no hospital or telephone taxes, no seed-grain liens, no hail tax, no irrigation charges, to take priority over the mortgage and perhaps wipe it out. The mortgage is not even subject to ordinary local taxes, which are assumed and paid by the tenant, whose goods are seized and sold if he does not promptly pay them. Foreclosure is a simple and expeditious procedure. And when the mortgagee forecloses the lands have a stable rental value, and there being always a demand for more land than is available, they have also a stable selling value which can be immediately realized. Under conditions such as these, and when a number of these wealthy landlords combine in a cooperative association, pledging the wealth and resources of all, is it surprising that they can obtain money on more favorable terms than the citizens of a Province which has gone to the other extreme and taken from mortgagees even the covenant of the individual owner after it has been voluntarily given? As far as legislation and economic conditions are concerned, it is a "far cry" from Germany or Denmark to America.

FARMERS RESPONSIBLE FOR DEBTS OF NEIGHBORS

The cooperative feature of the rural credits systems of European countries has not been emphasized when those systems have been referred to. Does anyone suggest that this cooperative system be adopted in Canada? I think not. It is too well known that Canadians, and

especially the farmers of the prairies, would not for a moment consider making themselves responsible for the indebtedness of their neighbors. The possibility of loss by such action is too thoroughly understood.

UNSATISFACTORY EXPERIENCE OF FEDERAL FARM LOAN SYSTEM IN UNITED STATES SHOULD BE SUFFICIENT WARNING TO CANADA NOT TO DUPLICATE THE ERROR BY ESTABLISHMENT OF SIMILAR SUPERPOLITICAL LOAN BANKS

Let us inquire a little further into what the rural credit system of the United States has done for the American farmer. It has loaned the immense sum of a billion and a half dollars at low rates of interest, but have the beneficial results which were to follow been secured? If we are to take their experience as a guidepost, let us see where it leads. In the years between 1910 and 1920 the farm mortgage indebtedness of the United States increased by 131 per cent. The appraised or reputed values of the land increased in those years by 117 per cent, and then began to decline till in 1923 it exceeded that of 1910 by only 66 per cent. In the meantime the mortgage indebtedness continued to increase very rapidly—much more rapidly than previous to 1920—and in 1923 it was 260 per cent in excess of that of 1910. In 1920 the volume of production was 21 per cent greater than in 1910, and in 1923 17 per cent greater; the increase for these 13 years being not more than normal. The increase in the value of production over 1910 was 63 per cent in 1920 and 54 per cent in 1923. As compared with these figures, the volume of production in Canada in 1920 was 80 per cent in excess of 1910 and continued to increase till in 1923 it was 104 per cent greater than in 1910. Similarly the value of the production of Canada's farms in 1920 exceeded that of 1910 by 274 per cent and in 1923 by 125 per cent. While unfortunately there are no definite statistics of the farm mortgage indebtedness in Canada, from such figures as are available it may be stated that it is almost certainly not more than 50 per cent greater than in 1910, and probably the increase is much less than 50 per cent.

WHOLESALE FORECLOSURE AND THREATENING FARM TENANCY FOLLOW IN WAKE OF POLITICAL BANKING METHODS FOLLOWED BY FEDERAL FARM LOAN POLITICIANS

Already the United States Federal farm loan system has been compelled to resort to foreclosure proceedings in connection with more than 5,000 mortgages to the amount of about \$22,000,000, has acquired about 1,400 farms, while about an equal number of cases are pending, and in the sales of lands has sustained considerable losses. A very marked increase in the number of tenant farmers has taken place, concerning which the British Agricultural Tribunal reported:

"The persistent increase in tenant farming is one of the factors in the situation which economists and bankers alike describe as undesirable and even alarming."

An official of the United States Department of Agriculture recently issued the statement that the 12 district Federal land banks had in process of foreclosure more than \$5,000,000 of farm-mortgage loans, and that the year 1928 would probably see more than \$17,000,000 additional farm loans foreclosed. This is wholesale foreclosure and threatens the very foundation of American agriculture. Does Canada wish a similar political system of banking invoked upon her farmers? I think not.

POLITICAL BANKING A FAILURE WHEREVER TRIED—SOUTH DAKOTA AND MINNESOTA ADD THEIR EXPERIENCE TO THE LIST OF FAILURES AT LIFTING THE FARMER INTO PROSPERITY BY THE FARMER'S BOOTSTRAPS

South Dakota deficit—Long terms abolished: Like our own Provinces of Saskatchewan, Manitoba, and British Columbia, some of the States have also their own systems of rural credit. That of South Dakota was created by legislation passed in 1917, and has issued and outstanding bonds to the amount of \$47,500,000 at rates of interest varying from 4½ per cent to 6 per cent. The latest issue in 1924 bearing 5½ per cent was sold at par, while a number of others were issued at a discount. The mortgage loans amount to upward of \$41,000,000 at from 5½ per cent to 7 per cent, the average being approximately 6 per cent. Up to the close of the system's last fiscal year there exists an ascertained deficit of \$3,038,663. A joint committee of the Senate and House appointed to investigate the affairs of the Rural Credit Board made a very exhaustive report in February, 1925, in which it said:

ENORMOUS LOSSES BY STATE LOAN VENTURES

"Of approximately 12,000 loans more than 4,300 are now in default, and 465 are in process of foreclosure. How much loss, if any, there will be depends on what the security is or becomes worth, how the borrowers prosper in the future, and how the land eventually acquired is handled."

Referring to the necessity of providing for interest on the bonds outstanding the report says:

DEFICIT ON BONDS INCREASES ON FORECLOSED FARM LOANS

"It must, however, be remembered in this connection that over one-third of the rural credit mortgage loans are in default, and, therefore, a deficit of interest income has not only developed in the past, but the deficit will continue to increase as the years go on."

(This is one of the gigantic problems now confronting the political manipulators of the Federal farm loan system—how to make millions

of dollars worth of abandoned farms upon which mortgages have been foreclosed, pay even ample return to pay the bond holder interest. This is a tremendous drain upon the profit of the 12 district land banks, which is deducted from the possible participation of the farmer-owners of these banks, who, rather than the political bankers who operate the banks, pay the bill.)

SOUTH DAKOTA QUIT ISSUANCE OF FARM LOAN BONDS

Among the committee's recommendations were:

"That all outstanding bonds be retired as rapidly as consistent with the proper handling of the mortgages and other property already acquired.

"That no new loans be made except from the funds received in payment of the loans already made and for the purpose of the reinvestment of such funds."

The committee added:

LOSSES OVERBALANCE ANY BENEFIT TO THE FARMER BORROWER

"This recommendation is made for the reason that it is the judgment of your committee that any benefits which have come from the rural credit system are overbalanced by the losses present and prospective, and abuses and the complications which have followed the adoption of the system, and that the bonded indebtedness is entirely out of proportion to our assets and other State debt."

STATE GLADLY ADOPTS RECOMMENDATION TO GET OUT OF LOAN BUSINESS

The recommendations made by the committee were adopted and legislation providing for the gradual liquidation of the State's rural credits became effective July 1, 1925. This law abolishes the 30-year amortization plan and prohibits the loaning of money for more than 10 years, and then only for the reinvestment of funds. The issuing of new bonds is prohibited.

MINNESOTA DABBLES WITH GOVERNMENT-OPERATED LAND BANKS WITH LARGE LOSSES

In 1923 the State of Minnesota established a rural credit bureau. In a very short period its operations proved so unsatisfactory that like South Dakota, a committee was appointed by the senate and house of representatives to investigate.

The committee began its investigation on January 30, 1925, and presented a report on March 13, 1925, which disclosed the fact that large losses had already been sustained. The report showed that up to February 1, 1925, the bureau had accepted and closed 6,740 loans aggregating \$34,523,400, while an additional 810 loans, amounting to \$2,814,700, had been accepted but not yet closed. At the same date 43 loans were either foreclosed or in process of foreclosure, and there were 255 loans which were delinquent by reason of failure to pay installments and interest. On this subject the committee said:

"The number of loans delinquent does not of itself necessarily show the true condition of loans, which on the records of the bureau are not delinquent, for undoubtedly in many cases second mortgages are paying the installments and interest on State's loans.

"How long these second mortgages will continue to do so is a matter solely left to conjecture, and if such payments should cease the committee believes the number of delinquent loans will be substantially increased."

WHY MINNESOTA MADE THE SAD FAILURE AT GOVERNMENT OPERATION OF LAND BANKS

Among other comments, two or three quotations will be found of special interest, as made by the investigating committee:

"It is significant that in several instances the owner of the land not only refused to pay the first installment and interest on the loan but actually, after the loan was made, abandoned the land.

"From the records, furnished from the bureau, it appears that the State's investment in the lands where foreclosures have been completed and where the State has acquired title to the land, subject to the right to redeem, is better than \$100,000. These figures are as of February 1, 1925. That there will be substantial loss to the State arising out of these foreclosures there can be no doubt. The margin between the State's investment and the bona fide value of the land is so limited that with a few years' taxes, with the addition of accrued interest, with the cost of foreclosure the margin will be wiped out, and the State then stands in the position of a lender who has loaned to the full value of the land which inevitably leads to loss. * * * What has been said here applies with equal force to the 235 delinquent loans on which foreclosure has not yet been commenced, unless the loans are reinstated.

"The aggregate amount of the delinquent loans, exclusive of those where foreclosure has been completed, is approximately \$1,143,000."

FARMERS WERE NOT BENEFITED BY THIS SUPERPOLITICAL SYSTEM OF MAKING FARM LOANS, OF WHICH THE FEDERAL FARM LOAN SYSTEM IS A NATION-WIDE PROTOTYPE POLITICAL BANKING INSTITUTION—THE SAME FAILURE FACES THAT NATIONAL SYSTEM UNLESS QUICKLY HAMPERED AND POLITICIANS REMOVED FROM OFFICE

A supplementary individual report by Senator W. A. Just is worth quoting in full:

"In view of the disclosures made during the investigation of the rural credits bureau, I would like to add this personal supplementary report.

"(1) Less than two years of operation of the bureau has disclosed a large number of delinquencies.

"(2) Much worse conditions can be expected after another period of depression, particularly when we take into consideration that this was a very good year, so far as crops and prices are concerned.

"(3) The payments for the first year would naturally come easier by the close proximity of the help extended than in future years.

"(4) In my opinion, money rates by private interests will be nearly, if not entirely, as cheap as those made by the bureau when conservatively placed.

"(5) As a rule, with some exceptions, of course, the farmers have not been extensively helped.

"(6) No more funds should be available for the bureau for at least two years, if at all, to give us time to see what the conditions are after a lapse of such time."

POLITICAL BANKERS OF FEDERAL FARM LOAN SYSTEM SAW TROUBLE COMING—EVIDENTLY THEY TOOK NO ACTION TO SAVE THE SYSTEM, AS PRESENT LARGE ABANDONED FARM-LAND HOLDINGS TESTIFY

Baneful results foreseen. There were those who foresaw the baneful results of the very extensive additional credits provided in the United States. The president of the Federal land bank in St. Paul said in September, 1919:

"People are growing rich overnight; land is being bought and sold like stocks and bonds on the market exchange. Such land is not bought for farming purposes. Every speculator is interested in unloading as soon as possible so as to pass on the deal before settlement day comes. As to who will become the final owner will depend on the relative financial strength of the holders of the sixth, fifth, fourth, third, second, or first mortgages. In many cases they will break down to the second or first mortgages, and thus the prices will be back to normal again with all the inflations squeezed out. The break will be greater in some localities than in others, according to the degree of inflation. This wave of land speculation is in a way anticipating the future earnings of the land, capitalizing it in the present, and spending the profits now at the expense of the future. When this joy riding is over it will be a sorry day not only for farming interests, but will also affect many other lines of endeavor."

FEDERAL FARM LOAN SYSTEM LOANS TOO HEAVY ON CHEAP LAND—LOANS NO PRUDENT LENDING AGENCY WOULD CONSIDER—MONEY USED FOR UNPRODUCTIVE PURPOSES

Speaking on the same subject, on March 4, 1919, Senator Fordney said:

"Thoughtful and careful people everywhere counsel economy in living and caution about investment in this time of high taxes and inflated prices. * * * The Treasury Department urges us all to save money by thrift stamps and help pay the war debt. * * * The Federal Farm Loan Board takes exactly the opposite view. They urge people to borrow money, to place mortgages on their farms. With the aid of traveling lecturers, Chautauqua speakers, special newspaper writers, and others, farmers are told that Federal farm loan bank mortgages never have to be paid off, or that they pay themselves off. Many are led into borrowing money for land speculation or to invest in automobiles and nonproductive improvements.

"One of the popular phases of these mortgage promoters is: The farmer is learning that the dollar is a thing to be spent and not something to be hoarded. * * * I know that they have loaned money on farms in the country at much above the value of the property, and that the Government will never get the money back. It is a fraud. I know a piece of land that sold for \$3 per acre, and the Federal farm loan bank loaned \$15 an acre on it, and it would not sell to-day for \$5 an acre; and that is the kind of loans they are getting sometimes. * * * The loans made by the Federal farm loan banks are such loans that prudent bankers and money lenders will not make. The Federal farm loan banks are getting such loans as no prudent money lenders will take. Those responsible for the system encouraged the farmer to borrow extensively, being desirous of proving its value by the number of loans and the amount loaned. In some cases, where the borrower was a thrifty farmer, benefit was derived, but in the majority of cases the money so obtained was used for unproductive purposes."

AFTER BITTER SPECTACLE OF FEDERAL FARM LOAN SYSTEM IN UNITED STATES, CANADIAN LEADERS VOTE TO KEEP THEIR COUNTRY OUT OF POLITICAL BANKING

The Canadian Council of Agriculture, representing leading farm organizations of the western Provinces, of the governments of Alberta, Manitoba, and Saskatchewan, and the various mortgage loan associations, as well as the secretaries of these, at a conference held in Winnipeg, adopted the following resolutions after considering the merits and demerits of the Federal farm loan system:

"That governments should refrain from legislation abrogating or diminishing reasonable contractual rights.

"That governments should review carefully all existing or proposed legislation affecting mortgage security, eliminating all that should be

eliminated, having in mind the general welfare of the community, including borrowers and lenders.

"That as it is recognized that lengthy, intricate, and uncertain legal methods in the handling of mortgages are not beneficial to either borrower or lender, such legal methods should be made simple and inexpensive, and land titles and other fees for procedure connected with foreclosure, etc., should be reduced to a cost basis, thus protecting the borrower's equity.

"We believe that if progress is made on these lines and in particular in the direction of a more general recognition of the obligations imposed by reasonable contract, the supply of money for mortgage investment will so increase that the rate of interest will inevitably decline.

"And further, the agricultural representatives at this conference having represented that, in their opinion, there is a real demand for long-term loans on the amortization plan, the mortgage association representatives agree to give full and sympathetic consideration to plans for lending on such basis."

[Extracts from address by C. M. Bowman, Mutual Life Insurance Co., Canada]

EXPERIENCED FARM LOAN BANKER DECLARED GOVERNMENT LOAN AGENCY UNSOUND AND UNSATISFACTORY IN MEETING FARM NEED

No necessity for government rural credits: I do not believe that there is any necessity for governmental action to meet this demand for intermediate credit and have no hesitation in saying frankly to our friends of the Canadian Council of Agriculture that it is not in the interests of the farmers of western Canada, nor of the country as a whole, to have the Dominion Government undertake the furnishing of this new form of credit. I say this in all frankness and candor because I believe that the Canadian Council of Agriculture will accept this statement in the same spirit in which it is being given. I believe that the loan companies dealing with individual farmers in western Canada can handle this problem far better than any government can. I make this statement because of the experience which the company I have the honor to be connected with has had during the past few years in southern Manitoba, where there has been developed what I look upon as an ideal form of cooperation between a lending company and the individual farmer through the cooperation of our inspectors taking an interest in the problems of the farmer by making a study of prevailing conditions and taking the time to sit down and discuss these problems with the farmer and his wife. Men who were discouraged, unable to see their way clear to continue on the farm, have been encouraged to such an extent that farms that were practically a wilderness of weeds have been converted into clean, productive, self-sustaining farms, and on land which had been abandoned by former owners, leaving the farm overrun with weeds, through the assistance and cooperation of the company's inspectors, tenants have become owners in southern Manitoba.

I want to say to the representatives of the loaning institutions that it is good business to make a close study of the problems of the western farmer to decide whether it is possible for the loaning institutions, through a system of sound, intelligent, and safe cooperation, to grapple with the situation and produce far more satisfactory results than are possible by governmental action in the form of rural credits legislation.

[Extract from address delivered by A. J. M. Poole, president of the Manitoba United Farmers (Ltd.), one of Canada's strongest farmer-owned cooperative agencies, with thousands of members scattered over Manitoba]

FARM LEADER CONDEMNS UNSOUND POLITICAL BANKING AS HASTY, ILL-ADVISED PROPOSAL

There are in western Canada to-day certain elements who are taking certain positions and advocating certain things that do not augur well for the basis of credit. And in that connection I would like to read you a short paragraph from my presidential address to the United Farmers of Manitoba, delivered last January in our annual convention:

"Realizing also how necessary, as a fundamental requisite to the successful development of agriculture, is the efficiency and availability of necessary credits, we must give serious attention to this problem. Perhaps it is not so much a question of more credit as it is that of the conditions under which the credit necessary is to be had. Manitoba can only be made prosperous by the development, for her people, of our vast natural resources, chief of which is agriculture. The development of these requires that capital be made available. The conditions under which capital is provided must, in addition to protecting the interests of those supplying the credit, be of such a nature as to permit those using it doing so with advantage and profit. Therefore the conditions of credit are a matter requiring the most careful consideration possible. No scheme conceived from a prejudiced point of view for easy money and without regard to all parties concerned should be tolerated. Hasty, ill-advised proposals, not founded on sound principles, though meant only as temporary expedients, react immeasurably against the obtaining of constructive measures. Any suggestion to repudiate a debt honestly incurred, or any failure to recognize the sanctity of contracts, if continued in, must inevitably lead to the absolute destruction of all credit and the creation of a state of chaos in our whole business structure. But rather must we so plan our credit proposals and so conduct our personal and community business that those who extend us credit can have abundant confidence in us. After all, the basis of all credit must be honesty of character, good will, and reasonable security. Approaching the problem in that spirit, much can be done."

I believe in that, and believe that, after all is said and done, perhaps the biggest factor in determining whether I am a successful farmer or not is me, myself. If I am to be a successful farmer with better methods of farming, improving the quality of my wheat so that I will raise the grade of it, the only way for that to be done is for me to do it.

I think we have a good illustration of that in the wheat pool, and in the demand that existed amongst the farmers—and it was pretty general—for a Government wheat board in the years 1920-21.

I never was in favor of a Government wheat board and I spoke against it at our annual convention in 1922, and I said that if we farmers will do this thing ourselves, organize our own cooperative marketing institution, we will be bigger and better citizens for having done it, because we will then have reason to be proud of the fact that we have really done something. On the other hand, if we are asking the Government to do it, we would not be able to say that we had done anything; and I, for one, could not bring myself around to the place where I could go to the Government and ask the Government to do for me what I could and ought to do for myself. And I had another reason. At that time we were drifting toward what you might call putting too much dependence on paternal legislation.

[Extract from annual report of Dominion Mortgage & Investments Association of Canada]

PRIVATE LEADERSHIP RATHER THAN POLITICAL FOSTERS A SOUND AND PROGRESSIVE AGRICULTURAL FUTURE

Ample credit service: Since confederation a large number of financial organizations in Canada have been in active competition with each other in seeking to place at the disposal of agriculturists such amounts of capital as could be reasonably well secured. The operations of these organizations have extended as the area of settlement widened, and rarely, if ever, have the resources of these organizations failed to meet all demands made upon them, at rates of interest and terms of repayment as favorable as those obtainable in any other part of the world under corresponding conditions.

Largely by the cooperation of these agencies, the settled area of Canada has extended. In no other country of the empire has the State extended to individual farm borrowers less capital, under terms of repayment, than in Canada, nor is there in any other part of the empire more efficient credit service obtainable to the same class of borrowers. This service has been provided by the initiative and enterprise of the country's citizens.

CITES FAILURES OF THE FEDERAL FARM LOAN SYSTEM

Rural progress: The results of this rural credit service in Canada are to-day quite obvious. Rural population has increased more rapidly than in Australia and New Zealand, although State advances on a liberal scale have, for many years, been the rule there. In volume of, as well as per capita production of farm wealth, comparisons are flattering to Canada. But, above all, the financial position of the agriculturist in this country compares most favorably with that of other agriculturists in outlying countries of the empire. The amount of per capita debt and the annual interest or rental to be met in connection therewith are less burdensome in any part of Canada than in any country respecting which information has been procurable. In the United States, following a decade of Federal and State subsidized lending to farmers, the increase of debt and interest charges has been out of all proportion to the increase in volume of production and the ability of borrowers to meet either annual interest, principal, or rental obligations.

FAILURE OF SASKATCHEWAN GOVERNMENT LENDING

In Manitoba, Saskatchewan, and Alberta long-term farm-mortgage lending plans were instituted by the provincial governments to meet the alleged "needs" of the farmer. As the information available to the public respecting the operations of the government farm mortgage-lending schemes is not in sufficient detail to permit of any definite conclusion being formed as to whether or not they are a success, it is the belief, based upon the more extensive operations of institutional lenders, that they have not been satisfactory.

Definite information available as to difficulties in collecting debts due to Provinces by rural borrowers, to which attention is drawn, is as follows:

(a) The abnormal amount of payments in arrears under long-term mortgages held by the Saskatchewan and Manitoba governments.

(b) The large but undetermined losses of the Manitoba rural-credit societies said by Premier Bracken to be already in excess of \$650,000 and which will most probably exceed that amount.

POLITICAL BANKING FAILURES NUMEROUS IN UNITED STATES

As in Saskatchewan and Manitoba, there has been a cessation of activity in extending rural credit in the adjoining territory of Minnesota and the Dakotas, where plans were put into effect to meet conditions precisely the same as existing in Canada.

South Dakota: A joint committee of senate and house on February 21, 1925, finds: "Your committee is unanimously of the opinion that it is for the best interests of the State to cease conducting a farm-loan business, except so far as may be necessary to retire the bonds outstanding." After eight years' operation, 1916-1924, mortgages taken amounted to \$41,064,211 and for the provision of funds for the purpose bonds totaling \$47,500,000 had been sold, the difference between these two amounts being represented chiefly by cash \$3,278,616; real estate, \$303,857; and deficit, \$2,876,993. The deficit, however, is likely to continue to increase annually, as out of 12,000 loans 4,308 are delinquent, although made on a long-term plan at rates of interest "not less than one-half of 1 per cent nor more than 1½ per cent" added to the rate paid on the money borrowed by the State. To the deficit also must be added losses through rural credit funds being deposited in 65 banks now closed. The amount of these deposits (as at February 21, 1925) has not been definitely ascertained because of incomplete records. In explanation of so much cash being kept on deposit, the rural credits board held that it was necessary to do so in order to pay bond interest promptly, as they could not depend upon interest on mortgages being paid promptly. The total payments of bond interest to December 30 last was \$10,700,781 and the receipts from mortgage interest \$7,354,540, the margin between the receipts and payments of interest having steadily widened during the last four years of the operation of this system.

FEDERAL FARM LOAN SYSTEM LOANS AMOUNT LAND IS WORTH—NOT SAFE MARGIN CONGRESS ESTABLISHED

The handling of the loans foreclosed by the Federal farm loan system in the United States brings to light a striking fact which no devotee of political banking is able to deny, namely, that those banks have, in most instances, been loaning money to farmers based upon near a full value of the farm instead of the safe margin set by Congress. Sales of land have resulted in enormous losses to the system, indicating that the amount of the loans originally made was equal to the full realized value of the land sold.

After securing the maximum advances permitted, many owners then rent the land to tenants, hence the British Agriculture Tribune, in reporting to the Premier, observes:

"The persistent increase in tenant farming is one of the factors in the situation which economists and bankers alike describe as undesirable and even alarming."

In a number of States the State bankers' associations have adopted resolutions, of which the following by the Kansas Bankers' Association is typical:

"Resolved, That the growing menace of farm tenantry vitally affects the growth and prosperity of Kansas, and we express a sympathy and interest in a solution that will help to place actual owners on the farms."

In all these State ventures substantial subsidies in one form or another have created burdens devolving upon the taxpayer without—

(a) Reducing the amount of interest paid annually by the farmer borrower.

(b) Assisting the farmer borrower in reducing his debt, or

(c) Improving agricultural conditions or increasing the volume of production.

HANDICAP OF POLITICAL BANKING METHODS CAUSE THOUSANDS OF FARMERS TO LEAVE UNITED STATES TO SECURE LOWER INTEREST RATES IN WESTERN CANADA, WHERE THERE IS NO SUPERPOLITICAL LAND BANK SYSTEM

The part political banking has played in the past few years is becoming so great a handicap that thousands of young farmers have abandoned farms in Northwestern States and emigrated into western Canada, where better loan methods prevail under private administration, is a striking commentary upon the failure of the Federal farm loan system to meet the average demands of agriculture.

Farmers living in certain States close to the Canadian border, under the "liberalized" political system of banking, are able to secure loans which are much less favorable than those offered by the private money-lending agencies of western Canada. This explains why so many farmers have left these States; it also explains why hundreds of farmers secured all the money they could from the Federal farm loan system, abandoned their farms for the political bankers to take over, and went into Canada and started all over again.

STRIKING COMPARISON OF INFERIOR FARM FINANCE SERVICE

The following table, compiled from publications of the Federal Farm Loan Board, with respect to valuation of farm lands, rates of interest, and from authentic information as to land prices in Canada and interest on purchase price, giving a striking though unfavorable side light on the operation of the Federal land banks in assisting farmers to lower interest rates:

Comparison of amounts of interest on land payments paid in certain border States with those paid in western Canada

UNITED STATES					
	Farm valuations per 100 acres	First mortgage Farm Loan Board 5 per cent	Second mortgage to vendor 7 per cent	Interest, annual	Annual interest per acre
Maine.....	¹ \$4,255	\$2,128	\$2,127	\$255	\$2.55
New York.....	4,573	2,287	2,286	274	2.74
Illinois.....	9,828	4,914	4,914	590	5.90
North Dakota.....	3,210	1,605	1,605	192	1.92
Minnesota.....	6,484	3,242	3,242	389	3.89
Michigan.....	4,988	2,994	2,994	359	3.59
Montana.....	1,816	931	930	112	1.12
WESTERN PROVINCES (CANADA) ²					
Manitoba.....	³ \$1,500	\$1,500	-----	\$120	\$1.20
Saskatchewan.....	1,250	1,250	-----	100	1.00
Alberta.....	1,000	1,000	-----	80	.80

¹ Appendix No. 13, U. S. Report Federal Farm Loan Board, 1924. Average value of all farms on which loans have been made.

² Purchase price on 8 per cent basis, the maximum deferred payments are not infrequent on a 6 per cent basis.

³ Approximate prices at which foreclosed lands are held for sale.

FEDERAL FARM LOAN EXACTS 92 CENTS AN ACRE ADDED TAX

From the above table it will be noted that if a farmer left Saskatchewan to buy 100 acres of land in Dakota he would have to take with him \$1,605 in order to take advantage of the Farm Loan Board plan there, a sum that would enable him to-day to buy outright many a farm in the Province he was leaving. If he left without money and sought a farm in North Dakota he would have to give a first mortgage to the Federal Farm Loan Board for \$1,605, and a second mortgage to the farmer he displaced, and the interest charges would be \$1.92 per acre as compared with \$1 per acre if he bought in Saskatchewan.

Nothing need be said as to repayment of principal further than to point out that migration to the United States would mean for the farmer the assumption of treble the amount of principal debt as well as treble the amount of annual interest charges. Higher farm-land taxation in the United States would practically absorb any gain from higher prices procurable there for agricultural products.

As there are a large number of farms in western Canada available at prices which will not at current interest rates require an annual interest charge of more than \$1 per acre, the financial burden of the Canadian agriculturist is not nearly so great as that imposed upon the agriculturist in the United States.

GOVERNMENT LOAN AGENCIES HASTEN DAY OF LANDLORDISM AND TENANTISM, WITH ADVERSE CONDITIONS TO AGRICULTURE AND PERMANENT PROSPERITY OF A PEOPLE

Europe is nearly always cited by the devotee of political banking methods as the example after which one should pattern a paternalistic loan agency. This was said to have been the prime move that the United States Congress took when, in 1916, they passed the original Federal farm loan act. However, that act was so patched up as to look quite unfamiliar to the most radical of European thinkers, and failed to render to the farmer owners even the common American privileges of exercising control over the gigantic banking system which their borrowed money went to capitalize. In Europe mortgage security is not secondary to local taxes or to other taxes. The occupier or tenant, as the one utilizing the land, is responsible for the taxes, which are based upon rental value. Generally speaking, the land is not assessed. If taxes are not paid strictly within a limited period the personal and movable property of the occupier is seized. Generally, with the exception of certain parts of France, the land is owned by one person and cultivated by another. Hence taxes for current purposes and for schools are a liability of the tenant.

A large part of the so-called rural credit legislation as existing in Europe was designed to aid the landlords and did not in any respect lighten the burden upon the land tiller or tenant.

The report of the agricultural tribunal of investigation appointed by the British Government rendered this report on German loan agencies:

"In the first instances the German Landschaft was a means for meeting the credit requirements of the nobility. The restrictions have gradually been removed, first in favor of properties of intermediate size, and finally there were admitted to membership all rural properties of not less than 500 thalers in value, the yield of which was such as to insure the economic independence of the owner.

LIGHTENS BURDEN OF THE LANDLORD—INCREASES BURDEN OF ACTUAL TILLER OF THE SOIL

Thus we see how the actual tiller of the soil can not hope to achieve relief, whereas the landlord, who sits back and does not take part in the actual operation of the farm, harvests the fruit which freethinkers

allege would be bestowed upon the farmer. The latter, since tenancy displaced serfdom, has been required to pay in the form of rent the full rental value as determined by demand.

On this point, the agricultural tribunal further comments:

"As it is a mistake to suppose that any governmental measures in the last half century have brought into existence the cultivating and landowning peasantry of Denmark . . . so it is a mistake to suppose that it was ever 'created' by heroic measures in any earlier period. Wherever in Europe peasant proprietorship exists to-day as a large element in the agrarian system, it is but the persistence on the soil, though often in a greatly improved economic and legal position, of the class of cultivators who were settled upon it in the Middle Ages. And this is very clearly the case with Denmark."

If a farm becomes vacant in western Europe there is competition for its occupation and this competition determines the rental value. No matter how low the rate of interest the tiller of the soil is required to pay, the advantage is absorbed in what he agreed to pay as rent. What is paid as rent forms the security which the landlord pledges, together with the land itself, for mortgage loans which form in Europe, as will readily be seen, a much more desirable security than the mortgage in Canada where the land is directly assessable for local taxation.

Prior to the war, interest rates in Europe were lower than they are to-day, particularly in the case of mortgages.

WHOLESALE FORECLOSURE OF FARM MORTGAGES NOW BEING ENACTED BY THE FEDERAL FARM LOAN SYSTEM—THOUSANDS OF FARMERS FORCED OFF THEIR LANDS—HOMELESS AND WITHOUT MONEY, THESE FARMERS FACE A DARK FUTURE

Right now, as is well known, every one of the 12 district land banks is rigidly enforcing wholesale foreclosure of farm mortgages. The piper is indeed paying for his music, after the merry but brief period of political experimenting with banking, but the poor farmer, who entered into this unique system of credit, really pays the bill—not the politicians who manipulate it.

Mr. Xeno W. Putnam, of Harmonsburg, Pa., former secretary-treasurer of the Crawford County National Farm Loan Association, exhibited in the CONGRESSIONAL RECORD, page 4554, March 12, 1928, how these wholesale foreclosures were carried on under a system of extortion by the attorneys of a number of the land banks, who charge enormous commissions for firing the farmers off their land, it being contrary to the farm loan act for any official of a land bank or loan association to charge and accept commissions.

TITLE ATTORNEYS ARE FARM LOAN OFFICIALS

Now that their title attorneys are under fire, certain officials of the Federal farm loan system are endeavoring to side-step responsibility for the acts of these lawyers by the statement that they are "not officially connected with the system."

Let us ponder upon this. These title attorneys were appointed by the various district Federal land banks, usually upon recommendation of the national farm loan associations of the respective communities. These attorneys have passed upon the titles offered as security for more than 400,000 loans made to date; they have acted as legal representatives of the banks of the system in various ways. The Federal Farm Loan Board has authorized the issuance of bonds against the titles which these same attorneys have passed upon.

ACTION UPON ORDERS OF FARM LOAN BOARD

The title attorney, of which Mr. Putnam complains, has foreclosed Federal farm loan mortgages upon the official order of the Federal land bank, usually upon the advice and with the consent of the Farm Loan Board. In view of these facts, if the title attorney be "not officially connected with the system," and if he be not accountable to the provisions of the farm loan act, then there is no official anywhere who can be held responsible under that act.

EASY TO GET IN BUT HARD TO GET OUT

You may read herewith the startling story of how many farmers, in several States, thought they would go get themselves one of those cheap "at cost" farm loans, about which highly paid propagandists had pushed golden promises, to wit, "The mortgage that never comes due," or "The farm loan that pays itself off," etc. Yes; it was easy to get in; it usually is.

Well! These farmers got farm loans "at cost" all right! Some of them faced grim failure, in situations over which they had no control, which is about the most pitiable circumstance known to mortal man—to lose his home roof. In this hour of need, what did these farmers get? They got lawsuits "at cost" done to a nice brown color because the mortgage clauses which they had signed, in the belief they were entering a sort of cooperative heaven, provided that the attorney foreclosing their loans could charge extortionate commissions and fees.

Nevertheless, when these farmers entered the ranks, they were given to understand distinctly that they were getting into a system that permitted of no "commissions, fees, or extortionate charges whatsoever." They were surely made to believe this with all the alluring words glib-tongued artists could sling.

If this thing is permitted to continue, it will only provide another sad spectacle of the established fact that the mutual or alleged cooperative, improperly administered, is cheap to get into, but may be mighty expensive to get out of!

FORECLOSURE FORECASTED BY OFFICIAL OF THE FARM LOAN BUREAU'S OFFICE LONG AGO

The present wholesale foreclosure of farm-mortgage debts by farmer-owned, political-controlled land banks was forecast some time since by James B. Morman, economist of the Federal Farm Loan Bureau of the Treasury Department, who, writing in his popular book, *Farm Credits in the United States and Canada*, after discussing foreclosure proceedings, as carried on by the land banks, said:

"This is the prospective heritage of children of farmers who have long-term amortized mortgages on their farms."

IS FARM LOAN OF GOVERNMENT AGENCY A PANACEA OR PLAGUE?

That is the question Mr. Morman asks, and it is most illuminating, to say the least, to see how he answers the question, as the following extracts from his book will easily demonstrate:

"The best advice that can be given to farmers is to keep out of debt. The census of 1920 showed that 1,461,306 farm owners had mortgages on their farms; the number of mortgaged farms has undoubtedly greatly increased since.

"What are these debt-burdened farmers to do? To what extent would amortization of their mortgages aid them? Does this plan of repaying loans give farmers larger incomes by reducing the amount of interest they have to pay? If so, what has been this gain to them? To what extent has the amortization plan of paying off mortgages been adopted by money-lending agencies? And, lastly, what are the limitations of this method of paying off debts in protecting borrowers against foreclosure? These questions relate to the financial and social welfare of American farmers.

"By 'amortization' is meant the method of repaying a loan with interest by regular annual or semiannual installments covering a long period of time. An 'installment' includes interest and part of the principal. A borrower, therefore, pays off his debt a little at a time and pays interest only on the unpaid balance of the principal. The amount of an installment is determined by the rate of interest and the number of years for which a loan is granted.

"With a view of cutting down to some extent the amount of interest farmers would have to pay, Congress incorporated in the farm loan act, 1916, the amortization plan of repaying loans. The act provides that loans may run 5 to 40 years, at the option of the borrower. The direct benefit to a borrower in the interest he has to pay is shown in the following comparison of this method with a straight mortgage loan for the same amount, rate of interest, and period of loan:

Comparison at end of 34 years:

Under straight-loan plan—	
34 principal payments of \$60 each.....	\$2,040.00
Principal unpaid.....	1,000.00
	3,040.00
Under amortization plan—	
34 installments, paying both interest and principal.....	2,338.16
Saving.....	701.84

"During the 34 years that the amortized loan is being repaid, the total amount of money a borrower would pay back on a loan of \$1,000 would be \$2,338.16, of which \$1,338.16 is interest and \$1,000 principal. That is to say, a borrower pays in interest alone \$338.16 more than the amount of his original debt of \$1,000. Therefore the total toll exacted by interest out of the labor and capital of a farmer, if his loan should run the full 34 years, is nearly 134 per cent. The toll exacted by interest from the labor and capital of a farmer on a straight mortgage for 34 years would be 204 per cent. In either case the toll is enormous and a constant drain on a farmer's income.

ANNUAL PAYMENT ON AMORTIZED LOAN IS HEAVIEST

"The annual installment on an amortized loan is always greater than the interest payment on a straight loan. On a \$1,000 loan the installment is \$70 as compared with \$60 paid as interest. This difference (\$10) is applied in reducing the principal of a debt; with each succeeding year the amortization on a debt is a little more until the loan is entirely paid.

"There is, however, a temporary disadvantage in the amortization of a loan because the differential amortization is always an additional drain on a borrower's income. Neither the installment on an amortized loan nor the amount of interest on a straight mortgage changes during the loan period; for a small loan of \$1,000 the difference is only \$10; but on loans ranging from \$10,000 to \$50,000, the difference ranges from \$100 to \$500 a year, according to the size of the loan. The difference has to be provided every year by a debtor no matter how unfavorable the crop or livestock returns may happen to be from season to season.

LITTLE CONSOLATION TO THE FARMER

"It is not much consolation to a farmer to know that this difference is always the minimum amount applied on his mortgage toward its reduction if it becomes a burden for him to provide the amount which, if unpaid, may lead to the loss of his farm. Under any circumstances this additional amount is an extra drain on his income and possibly explains the inability of so many farmers to meet their installments regularly.

"It is evident from the foregoing that the amortization of farm mortgages is not a panacea for all the ills, actual and imaginary, which affect the welfare of the farmer.

GETTING INTO DEBT ECONOMICALLY?

"Among other things, it was expected that farmers borrowing under the Federal farm-loan system would not only get into debt on an economical basis but would even do so profitably. The principle is enunciated by authority of the Farm Loan Board, as follows:

"The Federal farm loan act is a law the intention of which is to make it possible for the farmers to make money by borrowing money. Its intention is to place money within reach of the farmer on such terms as to convert the farm mortgage into a source of profit."

REMARKABLE EXPECTATION OF POLITICAL BANKERS

These are very remarkable expectations, and the question is whether or not they have been realized. It would be rather unusual in the mortgage credit field to have a credit bring to the debtor an increase of income in the face of all the drains on income which have been shown to attach to borrowing money on farm mortgage. The intention may be good, but is it likely to be fulfilled?

CLAIMS BASED UPON MISCONCEPTION OF ECONOMICS

It is undoubtedly based on the provision of the farm loan act which requires that loans shall be for productive purposes. But is not this expectation of a profit from running into debt based upon failure to appreciate the fact that borrowing for productive purposes also means a corresponding burden of expenses, interest, and depreciation of capital equipment during the continuance of a loan?

It is not the difference paid as interest but the debt itself which is the real burden on a farmer. The debt must be paid either by amortization or in a lump sum. This burden, moreover, is intensified with the lapse of time because of capital depreciation, a factor seldom taken into consideration. For, long before 10 years have expired, many forms of capital equipment will have been partially or wholly worn out and the farmer will be no better off as a result of his borrowing unless he has been able to save and set aside annually sufficient to cover the value of depreciation.

On account of the precariousness of agriculture and the present difficulty of a farmer being able to save at all, he may be even worse off financially because he will still be owing nearly 87 per cent of his debt and also be under the necessity of replacing part of his capital equipment in order to continue effective farm operations. It is plain, therefore, that there are grave financial limitations attached to borrowing and repaying a loan under the amortization method so far as providing a farmer with the means of escaping the great burden and danger of debt itself is concerned.

The conclusion is borne out by the result of the operation of the Federal farm loan system. On March 27, 1923, six years had elapsed since the first loan was made under this system. To-day three clearly definite tendencies are noticeable: (1) Many borrowers have already increased their mortgage indebtedness by additional loans when the farm appraisements warranted such an increase; (2) many borrowers have been unable to pay the installments on their loans, and the Federal land banks are carrying a steadily increasing amount of delinquent payments; and (3) many farmers coming in as new borrowers are mortgaging their farms to pay off short-time or personal indebtedness incurred during the past few years as a result of unprofitable farm operations.

FEDERAL FARM LOAN SYSTEM HAS DARK FUTURE AHEAD

These tendencies are plainly discernible in general rural credit conditions throughout the United States, and they are corroborated in the case of thousands of loans made through the Federal farm loan system. They are not very promising for the future of agricultural development. The Secretary of Agriculture has already warned the country of the danger of too easy credit conditions. The danger is in our midst and has not been removed by the amortization of farm mortgage loans. In fact, it is likely that this method has increased rather than decreased the danger. Thousands of farmers have already become delinquent in their installments under the easiest method of repaying farm mortgages yet devised, so that it is evident that interest-bearing debt is one of the greatest dangers to future improvement in agricultural conditions.

FARMERS' DEBTS NOT PROFITABLE

That farmers' debts, in many cases at least, have not proven profitable is evident from the fact that the amortization of loans has not prevented delinquencies in the payment of installments; it is now evident that this method of repaying loans does not prevent the fore-

closure of farms. Evidently the amortization of loans does not remove the greatest danger of farm-mortgage debt.

HEARTLESSNESS OF MONEY SHARKS IS NOT UNKNOWN TO MANIPULATORS OF FEDERAL FARM LOAN SYSTEM

Neither the amortization method of repaying loans nor the beneficent intention of Congress has been able to save farmers from the fear of foreclosure. The policy which seems to have animated friend and foe alike is to fleece the farmer for all he is worth. Large numbers of farms have been sold under the sheriff's hammer in behalf of Federal and joint-stock land banks as mortgages. The heartlessness of money sharks is not unknown to the Federal farm loan system, for neither the farmer who fails to pay an installment on his loan nor his local association which has indorsed his mortgage can ward off the foreclosure proceedings, as this policy is being mercilessly carried out by both kinds of land banks.

SYSTEM HAS NOT RENDERED RELIEF ANTICIPATED

Taking a broad view of agricultural conditions as they have developed during the past few years, it is evident that farm-mortgage credit has not brought such great financial relief to farmers as was anticipated. While some benefits have materialized as a result of the operation of the Federal loan system, the easier opportunities which farmers now have of plunging deeper into debt are increasing their financial difficulties and dangers. Debt can only be paid by farmers getting larger incomes.

Of this be certain: Credit can not enslave a farmer to debt and free him from its shackles at the same time!

HOW FEDERAL FARM LOAN SHACKLES THE FARMER TO DEBT

That this danger is still imminent is evident from a glance at the following table, prepared primarily for the purpose of showing the regular drain on a farmer's income that occurs on long-time amortized loans and the enormous total toll of interest which is taken during the life of a loan:

Amount of debt, total paid as interest, and semiannual installments on amortized loans

Amount of debt	Amount paid as interest on debt		Semiannual installments	
	At 5½ per cent	At 6 per cent	At 5½ per cent	At 6 per cent
\$1,000.....	\$1,242.47	\$1,304.23	\$32.50	\$35.00
\$2,000.....	2,484.94	2,608.35	65.00	70.00
\$3,000.....	3,727.41	3,912.56	97.50	105.00
\$4,000.....	4,969.88	5,216.71	130.00	140.00
\$5,000.....	6,212.35	6,520.90	162.50	175.00
\$6,000.....	7,454.82	7,825.09	195.00	210.00
\$7,000.....	8,697.29	9,129.27	227.50	245.00
\$8,000.....	9,939.76	10,433.50	260.00	280.00
\$9,000.....	11,182.23	11,737.63	292.50	315.00
\$10,000.....	12,424.70	13,041.86	325.00	350.00
\$15,000.....	18,636.18	19,620.93	487.50	524.57
\$20,000.....	24,848.16	26,162.26	650.00	699.42
\$25,000.....	31,060.20	32,702.00	812.50	874.23

A study of this table will convince the most skeptical that amortization of farm mortgages is not a panacea for the burden of debt.

PAYMENTS BECOME REAL BURDEN TO FARMER

Two things are especially noticeable: (1) That in each case a borrower pays much more as interest than the amount of the debt itself; and (2) that the drain on a borrower's income through the payment of an installment every six months, while not heavy on small loans, becomes a real burden when the debt is large.

From this drain on income there is no possible relief. Though it is lighter in the end than interest on straight mortgage because of the gradual repayment of the debt itself by amortization, nevertheless the drain on a farmer's income is both constant and enormous, which often deprives his family of the necessities of life, keeps him on the rack of perpetual toil and worry, and finally involves him in bankruptcy or foreclosure proceedings. From these possibilities—yea, even probabilities and actualities—long-time amortization of farm mortgage loans does not protect farmers heavily burdened with debt.

DANGERS OF DEBT ARE NOT REMOVED BY POLITICAL BANKING SYSTEM

The dangers attached to debt, then, are not removed by the amortization plan of repaying farm mortgages. Delinquencies in the payment of installments occur the same as in the case of the payment of interest on straight mortgage loans. In fact, for the first few years the danger of delinquencies in amortization payments is even greater than under straight mortgages because of the added increment of debt payment which is included in each installment of an amortized loan.

FARMER NOT RELIEVED OF DANGER OF FORECLOSURE

Nor has the farmer been relieved of the danger of foreclosure, for the nonpayment of installments has led to that unhappy event. Even if a farmer is able to pay his installment regularly, without making any additional payment on the reduction of his debt, the deterioration of

capital equipment, the gradual loss of soil fertility, and the approach of old age which lowers a borrower's efficiency—these and other factors have a tendency to perpetuate a mortgage indefinitely, as it has done in Germany for many generations, and to bind farmer debtors with shackles which have been made easy to forget but exceedingly difficult to remove. This is the prospective heritage of the children of farmers who have long-time amortized mortgages on their farms.

"THE MORTGAGE THAT NEVER COMES DUE!"

How many of the readers of Mr. Morman's reliable work on farm credit will think of that political appointee of the Federal Farm Loan Bureau who invented the heavenly slogan, "The mortgage that never comes due," or that other master thinker who first coined the phrase, "The mortgage that extinguishes itself," and used them widely in getting thousands of farmers into debt "the easy way"?

[Extracts from article in the Sunday New York Herald-Tribune, April 22, 1928]

HOW THE THEORY WORKS OUT IN RUSSIA

By Elias Tobenkin

(NOTE.—Now that the United States has copied from Russia a method of the Government taking over the 12 district Federal land banks of the Federal farm-loan system, after the thousands of farmers had paid in full the money with which to capitalize these banks, and are now assuming all the liability which safeguards them as stable financial institutions—contrary to the fundamental American principle of safeguarding the interests of the property owner—it should be of wide interest to know how the Russians are making a "go" (?) of their theories, after which the present Federal farm-loan system in our own country is patterned and from whose foreign leaders the present political administrators of the Federal farm-loan system received most of the suggestions to Russianize this sovietized institution.)

SOUNDS LIKE A REPORT OF THE FARM LOAN BOARD

Danton, sentenced to the guillotine with the connivance, in part at any rate, of his friend and rival Robespierre, remarked cynically:

"I shall hold the door of the grave open for him; in three months we shall meet again." Trotsky, driven into exile by his erstwhile codictator in the political bureau and other Communist councils, hurled this defi: "To-day's victory of Stalin is but the forerunner of his debacle; his downfall is inevitable."

A STRIKING PARALLEL—HEADED FOR POLITICAL BANKRUPTCY

The Bolshevik volcano, covering one-sixth of the earth's surface, once more is active. His banishment has no more eliminated Trotsky and the "Trotsky idea" from Russian politics than death has eliminated the influence of Lenin and the principles he laid down. But it does serve to bring Stalin into sharp relief. With Trotsky, in effect, a prisoner in a remote Asiatic Province, and the members of the opposition group he headed jailed or scattered, Stalin is brought face to face with tasks and problems which may either make him one of the great statesmen of modern times or else, as Trotsky predicted, bring about his political bankruptcy.

RUSSIA, LIKE UNITED STATES, HAS BATTLE BETWEEN POLITICIANS AND PROPERTY OWNERS

In the persons of these two soviet antagonists two civilizations are struggling for the molding of Russia's future.

Trotsky wants Russia made over in accord with the civilization of the Western World. Just as Peter the Great 200 years earlier forced his noblemen to discard their long Russian cloaks in favor of short German jackets and to shave their beards, Trotsky would recut every form of national economy in Russia after the standards of western Europe and America. He envisages an industrial Russia, dominated by her cities, her factories, and her workmen. He would pattern the soviet state after the dictums of international Marxism.

Stalin stands both head and feet in Byzantium. A revolutionary of no less caliber than Trotsky, he is less of an internationalist. Exiled under the Czar as often as Trotsky had been, his banishments never took him abroad for long.

Stalin never completely loses sight of the deep-seated Asiatic roots of the Slav empire. He sees Russia's future, her near future at any rate, as cast primarily in the likeness of her agricultural population, her 90,000,000 peasants. In principle he is no less for a "socialist Russia" than Trotsky is. His socialism, however, must be homespun, simple, even vulgarized, if necessary. It must be suitable to the mental acumen of the Russian peasant and flexible enough to blend with the primitive structure of the Russian village.

SOVIETIZING PROCESS

Is the régime sponsored by Stalin bringing to pass in the Soviet Union the Socialist order which the revolution of November, 1917, promised to the Russian workers?

This question has been repeatedly asked by Trotsky since the death of Lenin and the gradual ascendancy of Stalin to the absolute dictatorship of the Communist Party. First by innuendo, and then openly, he

charged the Stalin régime with not giving sufficient support to the Soviet industrialization program and thus encouraging the ascendancy of the peasantry over the working class.

ARROGANT BUREAUCRATS RULE

He accused Stalin of having permitted the rise of an oppressive and arrogant official and industrial bureaucracy. He assailed vehemently the stifling of the free expressions of opinions within the Communist Party and the moblike hooting down of minorities, even though the men holding such minority opinions were noted revolutionists whose loyalty could never come into question.

Again and again the Communist Party directed Trotsky to cease his attacks. On such occasions, according to a leading soviet spokesman, Trotsky "demonstrated with his silence." In fact, Trotsky's silence on occasions stirred up greater turmoil than his speeches would have done.

The specter of civil war has been raised by both sides in the final phase of the Trotsky-Stalin controversy.

IS THIS A M'NARY-HAUGEN PLAN?—ERECTING BARRIERS BETWEEN RURAL PRODUCERS AND CITY CONSUMERS

The issue which in recent months has convulsed the Soviet Government and which Stalin is called upon to face is the cleavage between town and country, between urban and rural population in Russia. The organized workers in the cities have to a considerable degree been drawn into the government's state. The factories have been nationalized. The government has a monopoly of foreign trade and transport; banks and credits are concentrated in its hands; dwellings have been socialized and food is bought and sold on a cooperative basis. The collectivist beginnings in agriculture are not nearly as impressive.

FIRST THE GOVERNMENT TAKES OVER THE FARMER'S BANKS, THEN IT NATIONALIZES HIS LAND

Although the land has been nationalized, the peasant does not feel that he has ceased to be its owner. There is no shortage of land in the Soviet Union; the government can not take it from him and give it to anyone else. The government's experiments in communal farming, begun early in the soviet experiment, have not been particularly successful. Of a total agricultural population of nearly 100,000,000, only about a million and a half are engaged in collective farming. The rest are farming on an individualist, private basis.

THE PEASANT OWNS HIS PLOW!

The peasant owns his plow. If he has a horse or a cow, they are his private property. After he has paid his share of taxes to the government, the products of his labor are his to do with as he pleases. He sells them in the open market. He buys from the government cooperative store if the government store offers him better goods or lower prices. Otherwise he buys from the private merchant, as he did before the revolution.

GOVERNMENT MEDDLING CURTAILS PRODUCTION

In the early stages of the soviet régime the peasant was forbidden to hire labor or to sublet his land. The Soviet Government after a time found that this curtailed production too heavily and the law was changed. The peasant to-day can hire workmen or sublet his land. This establishes virtually three different categories of peasants in the village—the poor peasant, the middle-class peasant, and the rich peasant.

Trotsky and the members of his opposition group see in this development a danger to the soviet's experiment in socialism. All the gains that the government's socialist program makes among city workers, they assert, are to a large extent counteracted by the development of a new bourgeoisie in the villages and by the "capitalistic" trend in agriculture.

Stalin and the members of the Soviet Government do not underestimate the threat to socialism presented by the conservatism of Russia's rural masses.

The peasant was no less of a problem in Lenin's day. Shortly before his death Lenin counseled: "Ten or twenty years of correct mutual relations between the proletariat and the peasantry and we will be assured of a permanent victory." Stalin believes that such "correct mutual relations" with the peasantry can be best attained by conciliation, rather than by methods that are aggressive and hostile.

URBAN AND RURAL DIVISION

The chief factor over which the urban and rural populations divide is the sluggish tempo of industry. The peasant pays twice, even three times as much, for manufactured articles as he did prior to the World War. Even at such exorbitant prices these articles are extremely scarce. It was shown recently that 70 per cent of all the manufactured products in the Soviet Union are consumed in the cities and only 30 per cent go to the 90,000,000 peasants.

The reasons for this disproportion and for the sluggish tempo of all manufacturing are well known—old equipment and poor technique in the factories; high overhead expenses and defective distribution; high wages and wasteful use of raw materials. Finally, the most crucial reason of all—want of capital.

PRIVATE CAPITAL AND INITIATIVE SUCCEEDS EVEN IN RUSSIA OVER SUPER-SUBSIDIZED PLANS

Unless, Trotsky warns, the soviet's experiments in socialism can be made to pay they will fail. "It is the basic law of history," he says, "that in the end that order of society prevails which assures to mankind a higher standard of existence." So far, he finds, "capitalism is producing goods of better quality at much smaller cost than socialism is producing them." He not only urges the intensification of the industrial processes in Russia, he even calls for the establishment by the soviet of what might be called "superindustrialism."

"We believe," he affirms, "that industrialization is the foundation of socialism."

GOVERNMENT STEPS IN AND "LIVENS UP" FARMING BUSINESS

As set down in the resolution adopted by the fifteenth congress of the communists, Stalin's policy is one of continued moderation. There are to be no startling innovations in the internal conduct of affairs. Existing institutions will be strengthened to cope with irregularities. The peasant cooperatives will be "livened up" and made more attractive to the rural buyers. The experiments in collectivist or communal farming, going on in various parts of the country, will receive government aid and will be otherwise bolstered up.

TRY TO ERADICATE BUREAUCRACY AND SOVIET BANK OFFICIALS

Drastic measures will be applied to eradicate one soviet evil—bureaucracy. Government officials, bank employees, factory superintendents—in brief, all sorts of civil-service personnel will be placed under a strict disciplinary régime. Slovenliness of every kind will be made a social crime. Grafting, whether in money, time, or materials, inattention to complaints and an air of superiority toward the public will entail not only dismissal from the job but prison sentences.

[Extract from Good Business Magazine]

RUSSIA'S OUTLAW GOLD v. AMERICA'S RUSSIANIZED LAND BANKS

Twenty casks of Russian gold now repose in the vaults of two of New York's largest commercial banks—\$5,201,000 worth of precious gold. Why is this? Simply because the United States Treasury Department bureaucrats refused to permit the United States mint to touch gold that came from Soviet Russia. "Unclean, unclean! Touch not!" was the word handed out by A. W. Mellon's staff.

MELLON SHOULD RECOGNIZE RUSSIA!

This gold was sent over here by the Russian Soviet Government; but our Government does not recognize the soviet régime—we wonder why. The same Treasury Department, under the guiding hand of Mr. Mellon, whose political-campaign collections in the Pepper contest was "as pure as a church collection," fosters—in fact, dominates—a Sovietized method of financing farmers through the presently constituted Russianized 12 district Federal land banks, which Congress, upon the suggestion of Mr. Mellon and his hirelings, the Farm Loan Board, requested be taken away from their rightful owners, the thousands of farmer stockholders, and turned over to Mr. Mellon and his gang to plunder and manipulate as they might wish—contrary to the American principle of property ownership upon which the Mellon millions were earned. So we repeat, a politician who could be partner in putting such a trick over on the American farmers, actually stealing from them their land-bank system, depriving them of every right to manage that which they now own; such a type politician should have not the slightest compunction in recognition of his close cousin, the Russian Soviet, and should welcome as much gold as the soviet system can gather and send to this country.

WHAT DOES MELLON FEAR?

Is it because the soviets are now letting go of the things that they took away from their rightful owners—the people of Russia—and, having made almost as bitter a failure of government operation of other people's property as Mellon's political appointees have already made of the 12 district Federal land banks—is this the reason Mr. Mellon does not wish to handle any of the Russian gold? Does he somehow fear that the contaminating influence of Soviet gold might infect the germ of independence and freedom into this country, causing politicians who now tightly hang onto the farmer's property to wish to let go and permit the rightful owners to manage their own business?

You will recall, "Andy" did return to "Whispering" Bill Hays those Sinclair bonds. He must have got the habit of handing things back and played the same trick on the Russians! Thousands of farmers whose land-bank stock "Andy" also "chooses to hold as his own" now hope that he will carry this "handing-back" habit to the extent of returning to them their property!

Mr. BLEASE. It does seem to me that this investigation should not have been ordered through Mr. Meyer and his associates. It does seem to me that the Committee on Banking and Currency—and I do not know who they all are, and I do not care—have dodged, either from political cowardice or from pressure from Andrew W. Mellon's office, their duty to report my resolution either favorably or unfavorably to the Senate—I do not care which—because if they send it back

with an unfavorable report, if I can get a quorum of the Senate to sit and listen to me for 15 minutes, I will convince them that this investigation should be made, and will reverse their report. I have put into the RECORD in the last two or three weeks enough on this matter to convince anybody in the world that this investigation should have been made.

A resolution similar to mine was offered by the Senator from Texas [Mr. MAYFIELD], and it was reported back to the Senate within a short time, and was unanimously adopted, and a committee was to be appointed to make an investigation of a similar institution in the State of Texas. Yet, when my resolution comes along, Mr. Mellon—and I hope any Senator who is interested in this matter will take pains to-morrow morning to read what Mr. Putnam says about Mr. Andrew W. Mellon, and what he proves about him from the official record as offered to be published here.

The Senator from North Dakota [Mr. NYE], who made some investigation of this matter, has in his hands a similar report made by these parties in reference to this matter, that I have asked and obtained permission to have printed in the RECORD.

I ask Senators in this body to take just a few minutes of their time to glance over these reports, and ask themselves the question whether or not I have asked for something that should be granted, or whether it is a frivolous complaint made by some farmers in South Carolina. I am satisfied that they will reach the conclusion that this committee, instead of bowing to the whip of Andrew Mellon, this ex-distiller and ex-liquor dealer, who holds the power to control the money of this country is his hands, should ask themselves the question whether they should bow to that lash, or whether they should come here like men and give me a report upon this resolution, that the people of my State might know if there is robbery and thievery going on in this bank as charged, or if they should have confidence in it, and continue to deal with it and with those who are in charge of it.

Mr. President, Mr. Mellon knows that the ex-assistant superintendent of the Atlanta Penitentiary who is now in charge of that bank, without any banking experience, will be put in the penitentiary himself, but as one of his henchmen, doing his dirty political work, this committee shields him, and does not allow a report to come here, but sends Meyer, a man not so long ago appointed, to help conceal this thievery and this rascality, to help Mellon with it, and make him the man to investigate whether or not there is stealing going on at which he is conniving—did you ever hear of such a monstrous proposition, appointing one of the accused thieves himself to make the investigation? I am not indulging in wild talk. Here is the proof to show the thievery going on, and how the farmers are being robbed. Yet a Senate committee, under the lash of a boss, refuses to bring a report here and let the whole Senate pass on this matter in a fair and honorable manner.

I dislike to load down the RECORD here with this proof, but I am denied an investigation. I have no other source by which to reach the people, and I shall continue to make out my case and let the people be the jury. No thief has a good opinion of the law when the halter begins to draw. Mellon, Arnold, Meyer, et al.

FARM LOAN RELIEF

Mr. BLEASE. Mr. President, I ask to have printed in the RECORD a report to the American Farm Bureau Federation in four sections, by Gertrude Mathews Shelby, specialist in cooperative credit.

THE PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

FARM LOAN REPORT

I

FOREWORD

Three hundred and fifty thousand farmers own the so-called Federal land banks, whose joint assets of \$1,200,000,000 constitutes one of the dozen billion-dollar enterprises in the United States. All others are subject to control by their stockholders. No other besides the farmers' is compelled to permit political appointees to run its business and manage its property.

It appears that after 10 years' operation, in protection of actual property rights of present stockholders and to assure future service of loans at lower cost, a review of what has been done both for and to the farmer to date is essential, to the end that pending and future legislation may intelligently be approved or condemned. Guaranties under which farmers purchased stock have been revoked. The Farm Bureau Federation is already on record with resolutions demanding the restoration of stockholders' rights—the right to protect their property and the vast credit machine established to give them untrammelled access

to the money markets of the world. The present review of past and present situations must necessarily begin with consideration of—

THE PURPOSES OF THE FARM LOAN SYSTEM

1. To lower interest. Excessive interest rates and the increasing national mortgage indebtedness caused three Presidents to recommend that farmers' credit needs be met by the establishment of some system by and through which they could help themselves independently of existing agencies. It was not desirable that farmers should be offered governmental crutches, nor that political appointees should fatten on the farmers' institutions. Therefore, cooperative banking was extensively studied, and what purported to be an Americanized form adopted, guaranteeing farmers the right to pool their assets, issue bonds, and by economies effected in the money market and distribution, as well as elimination of unnecessary financial middlemen, to lower their interest as far as possible. No limitation in reduction was set. The law does not state that the banks are supposed to lower interest only to the point where the farm loan rate will regulate that charged by other agencies in the field yet make it possible for them still to continue making profit. The basic construction of this point, that farmers shall lower their own rates as far as the economies and earnings of their own banks warrant, is of utmost importance to the future. Successive farm loan commissioners have held that only a regulatory effect on the interest rate was contemplated by the act.

2. To suit the terms of credit to agriculture. Short term loans, with bonuses, commissions, and frequent renewals cost farmers vast sums annually. Repayment of long-term loans (33 years) on the installment plan, without renewals or other fees, was provided.

3. To provide farmers with their own self-controlled means of financing themselves independently and cooperatively. Local farm-loan associations, the cooperative corner stone of the system, cast the votes of stockholders for directors of the district Federal land bank. Farmers were required to furnish all the capital of the system and guaranteed the right to elect six out of nine directors on each land bank's board. The Government reserved the right to appoint a minority of three directors (to counsel fiscal policy), but governmental control was deliberately avoided and outside capital barred precisely so that no outside influence might ever interfere with agriculture getting the money that it requires and the credit it deserves.

Control over that most important of all functions, sale of the bonds (which convert farm mortgages into an inviting form of security suitable to the investment market), was therefore vested in the boards of the 12 land banks, whose full majority of directors was to be elected by stockholders. Those boards are empowered to issue bonds when they see fit, sell them as they see fit; in short, build and operate their own financial machine. To assure the attractiveness of the bond product, tax exemption was granted farm-loan securities.

BRIEF CAPITULATION OF FARM LOAN STRUCTURE

Ten farmers are requisite to form a farm loan association. The law fixes no maximum in membership or number of associations. There are about 4,600 to-day. Despite the law, the Federal Farm Loan Board has apparently elected a policy which discourages the formation of more associations. Farmers buy stock to 5 per cent of their loans.

Twelve Federal land banks. The original set-up of these banks called for a board of nine directors for each—six elected by stockholders and three appointed by the Federal Farm Loan Board.

One vote is cast for each 20 shares. These shares are not held by farmers but by the association.

The present set-up calls for a board of seven directors—three elected by stockholders.

Four appointed by the Farm Loan Board. The fourth man holding the balance of power is "selected" from three nominated by the associations. This arrangement was improperly interpreted as a "50-50" division of power between political appointees and stockholders. Actually it has proved a disastrous camouflage, a fraud. Presidents and other officers of the banks have "offered themselves" to stockholders as candidates, invariably receiving the appointments from the Federal Farm Loan Board. For 10 years most of the "temporary" officers of the land banks have remained in power.

Federal Farm Loan Board: Originally of five members, now increased to seven. Its functions: To "administer" or "supervise" the system. Actually it manages the banks through appointed directors, the majority of the bank boards. It controls more than 600 field employees, appraisers, assistant appraisers, registrars, examiners of land banks and examiners of farm-loan associations. The complete number of these employees and land-bank employees appears nowhere in the Federal Farm Loan Board report. Civil service does not govern appointments. Therefore the entire list of places, more than 1,500, must be regarded as subject to political influence, or patronage. The Federal board must approve all bond transactions. Although not empowered to do so, from the outset until 1923 the farm-loan commissioner actually made all arrangements.

Several remaining important parts of the farm-loan machine are:

The fiscal agent receiving \$25,000 a year from the Federal and intermediate banks for arranging the terms and conditions and houses through which bonds shall be sold. This agent is Charles E. Lobdell,

formerly farm-loan commissioner, therefore a political appointee, who indorsed the appointment of most of the appointed land-bank presidents and directors. He was in turn appointed by them fiscal agent at an advance in salary from \$10,000 to \$25,000. He sells hundreds of millions of securities, and uses a revolving fund of farmers' money in resale operations on the stock market.

Several branch land banks, one in Lexington, Ky. Louisville, close by, has the district land bank.

The Spokane commission, the thirteenth body of the Federal land-bank system, handling estimated assets of the district land bank for Oregon, Washington, Idaho, and Montana, worth between eight and ten millions. This commission is not authorized by the law, but was created by the 12 banks to handle the acquired lands of the Spokane banks. No reports of its independent activities for two years is available, although the 11 other banks have given help from funds otherwise available for dividends for a term of years. Nothing is known concerning the emoluments of the staffs or overhead of the branch banks nor of the Spokane commission.

PERTINENT FACTS TO AID IN COMPREHENDING HISTORY, PRESENT SITUATION, AND LEGISLATION

1. Farmers now own fifty-nine millions' worth of stock. Eight million original stock owned by the Government has been retired; \$800,000 remaining can not by the law be adversely affected if stockholders assume control.

2. Behind bonds for \$1,200,000,000 stockholders have pledged good farm lands worth twice or three times that amount. Every bank is ultimately responsible for losses of any other. Before bondholders can lose even their profit, stockholders will lose their stock, an amount equal to the stock and the accumulations of all banks. Bondholders can not be adversely affected if stockholders control. No outside interest will suffer.

3. The issue and sale of bonds by the banks and the fiscal agent has declined steadily.

Two hundred and twenty-five millions (round numbers) were sold in 1923.

One hundred and seventy-five millions (round numbers) were sold in 1924.

One hundred and twenty-five millions (round numbers) were sold in 1925.

(Unaccountable delay of issue of Farm Loan Board report makes showing for 1926 unavailable.)

That the market will absorb more securities is certain because the Treasury has disposed of all but four millions of its holdings of these bonds, originally two hundred millions, selling close to one hundred millions in these very years cited.

4. Farmers' demands for funds, approved applications, have been denied in this period. The law anticipated a method of continuous sale of these bonds now issued only periodically.

5. Land banks are not really banks at all, but mortgage concerns. They accept no deposits. They have no demand obligations.

6. Administration of this system has lowered the interest rates on the average between $1\frac{1}{2}$ and 2 per cent, and provided credit on terms suitable to agriculture.

CERTAIN PERTINENT QUESTIONS AND ANSWERS

1. Has this monumental farmer organization satisfactorily fulfilled the principal purpose for which it was organized?

Without cheapening its considerable achievements it can not be said fully to have met its obligations to its farmer-owners nor to agriculture by its mere size, its present reduction of interest, nor merely suiting the terms of credit to farming. Neither does its regulatory effect, which has been roughly estimated to save farmers fifty millions a year, finish the picture.

When agriculture, through farmer stockholders, is in independent control of the entire system; when stockholders elect the majority of directors of land banks who should themselves be stockholders; when these stockholders determine the issue and sale of bonds and direct the terms upon which they are sold; when only the real absorptive power of the market of these gilt-edged investments shall limit their issue and sale; and when the interest rate shall actually be lowered as fast as the actual cost of the money and economical conduct of the system shall permit—then this organization will be fulfilling its full purposes.

2. How does the interest rate of our system compare with that of other countries?

It now averages $5\frac{1}{2}$ per cent, the highest in 22 countries. (See Exhibit A, attached.)

3. Does the present system of Federal control through a majority of political appointees guarantee or provide greater advantages, better service, or greater efficiency to agriculture than control by stockholders in their own interest?

By no means disparaging the work, excellent of its type, that has gone into the development of the farm-loan system, it appears that the continued control of this system of political appointees is not likely to provide:

(a) Increased volume of loans at lower interest.

(b) An increased degree of self-government and self-help to farmers.

(c) Real control of the means of access to the money market which constitutes actual independence to the farming industry.

On the contrary, in the light of other sections of this report it would appear that continued control through political appointees has not been so successful as the mere volume of loans and reduction of interest might lead one to suppose. Conditions obtaining in certain land-bank districts, the glossing over of political abuses and even outright defalcation without warranted investigation and prosecution if real facts were ascertained, slowness of service, arbitrary allotment of funds to lend, and many other conditions have given rise to a large volume of repeated complaints. It would even appear dangerous not only to stockholders but to citizens throughout the country, since everyone lives in some land-bank district, to permit the continuance of management of this vast lending power by political employees.

Please consider the above in reviewing the history which follows.

II

INTERPRETATION OF SIGNIFICANT HISTORY FROM THE STANDPOINT OF STOCKHOLDERS' INTERESTS

The farm loan act was passed in 1916 only after bitter and prolonged opposition; by (a) the Farm Mortgage Bankers' Association; (b) the American Bankers' Association; (c) certain high financiers, who held that this remunerative field of private business (and private profit) should never have been invaded by the Government or cooperative pools having Federal sanction plus tax exemption. Because of the pressure of this opinion and possible failure of farmers to take advantage of the plan, the private, profit-making system of joint-stock land banks was authorized, and tax exemption granted their securities. Cooperatives the world round are not taxed because they are in the nature of public services. To establish a competing system of banks operating for profit and to privilege joint-stock securities by tax exemption appears now to men of both Houses in Congress unjustifiable. For farmers who did not desire to go into a cooperative system or wanted loans of size exceeding the loan limit, originally \$10,000, abundant private-loan facilities already existed. As the effect of operation of the Federal land banks was immediately to regulate the rates of all farm-loan agencies, no hardship would have been worked on the more prosperous farmers not desiring cooperative liabilities, had the joint-stock banks never been created.

Organization of the Federal banks, and the network of farm-loan associations, from the standpoint of a national utility, was brilliant. From the standpoint of cooperation, it was bad. All healthy cooperatives grow from the bottom up. This was top-down extension. Farmers were never sufficiently instructed in the fact that this was their own system—not the Government's. They were not compelled to take their own initiative. They were advised against making a stockholder the secretary—the key position. Instead of holding elections as soon as the requirements of the law were met, in eight banks within the year the Federal board actually recommended an amendment which, in an indirect way, nullified the will of the law and was the beginning of the permanent political control of these banks.

Condemning "banks controlled by borrowers," the amendment provided that so long as the Treasury should hold any of the two hundred millions of bonds—purchased to keep them out of the way of Liberties—the "temporary" boards should continue to manage the banks.

This amendment, passed in 1918, has been heartily condemned and was clearly unconstitutional.

In the same period a contract was made with part of the "Morgan group" of investment houses, which formed a primary syndicate to distribute and sell farm-loan bonds. Without wholly discounting the alleged patriotic reasons given by members of this banking group for undertaking this sale, it must nevertheless be pointed out that they secured:

(a) Exclusive sale of these bonds for themselves and the secondary syndicate they organized of investment houses in other cities; and that they have maintained these exclusive arrangements over the sale of \$1,200,000,000 worth to date.

(b) That they were in position to advise against the continuous offerings of securities contemplated by framers of the law, and recommend periodic offerings of the amounts which they deemed reasonable at such times as they thought it advisable that investors should buy farm-loan securities. It has been testified at hearings by members of the early boards that this help was acceptable to the Federal Board. On the resignation of the first commissioner, G. W. Norris, a Philadelphia banker, Judge Lobdell was appointed in his stead. At later hearings he admitted that he had never sold a bond before coming to the Farm Loan Board.

Senator Robert Owen, a leading Democrat, denounced, in a Democratic administration, this method of awarding the bond sale. Owen had been chairman of the Senate Banking and Currency Committee which recommended this act.

W. F. Flannagan, first secretary of the Farm Loan Board, a liberal banker, convinced of the benefits of cooperative credit, repeatedly pointed out to the board various matters in which the board evaded or refrained from fulfilling the provisions of the act. His anxiety covered two main points. He agreed with Owen about the bond sale,

He believed farmer stockholders in their associations had been denied justice concerning the right to control and manage their own banks and bond sale. McAdoo gave down an able opinion in support of this latter view. Finding himself out of harmony with the board, Flannagan resigned.

THE RIGHT OF STOCKHOLDERS TO FEDERATE AND SUPPORT THEIR FEDERATION FROM ASSOCIATIONS' FUNDS

Flannagan attempted to inform stockholders of their rights and organize them into a National Union of Farm Loan Associations, each association contributing \$10 toward the support of activities eventually to secure restoration of stockholders' control. With his inside knowledge of affairs he was an ideal secretary.

The Federal board spared no effort to break up this National Union. The board demanded that any sum subscribed from funds of the association be promptly restored, in some cases insisting and threatening prosecution under the penal clauses of the act. Nevertheless, unpaid but faithful, Flannagan continued his efforts for farmer stockholders until his death.

THE FIRST MAJOR ATTEMPT BY COMPETING FARM MORTGAGE INTERESTS TO KILL THE SYSTEM

Suit attacking the constitutionality of the farm loan act was brought in Kansas City in 1920. The Supreme Court upheld the act, giving decision in 1921. During this period when agriculture was suffering acute distress the Farm Loan Board shut up shop. Competitors got all this emergency business. During 1921 applications for \$296,859,381 were approved. Loans for \$73,230,626 were granted by the banks—only 25 per cent of what was needed.

SUIT BY AN ASSOCIATION TO COMPEL ELECTIONS

The Brentwood Farm Loan Association, Elwood Gates, president, later Flannagan's successor as head of the National Union of Associations, sued in the Supreme Court of the District of Columbia to compel the Farm Loan Board to take the necessary steps to enable associations to elect directors in the Berkeley Federal Land Bank. Lester C. Manson entered the lists in defense of farmers at this juncture. He was special investigator in a brilliant investigation of income-tax cases in 1926.

ATTEMPTS TO DESTROY ASSOCIATIONS AND INSTITUTE DIRECT AGENTS

This suit was rendered more imperative by successive bills, to which it appears the Federal Farm Loan Board gave support, which proposed that loans should be made directly through appointed agents, and providing for voluntary dissolution of associations.

Representatives of the board and banks argued that efficiency would be increased and service bettered; that the association was cumbersome, and its secretary often obdurate concerning desires of the banks or the Federal board.

The associations retorted that direct agents would make loans which did not bear the indorsement of any association; that such indorsement, after appraisal of lands by a local committee, was an essential factor in the security behind the bonds. That therefore actual security would be lessened or destroyed. That direct agents upon whom there would be no local check to safeguard the character and distribution of loans, and who would naturally be biddable by the appointive power, would soon constitute an ideal political body. Under these circumstances "any stockholder who did not ask for the voluntary dissolution of his farm-loan association should have his head examined." (Manson.)

The cooperative democratic control of the system would be destroyed forever; chief purpose of the law, self-help, would be defeated; and a situation inimical both to farmers and good government would almost inevitably result. This argument defeated successive bills until 1926. (See Legislation, Section IV.)

FARM LOAN BOARD ADMITS DEFEAT AND PROPOSES COMPROMISE

Before the Brentwood Association's case came to trial the Federal board, admitting defeat, and that some sort of representation must be afforded stockholders, brought Merton L. Corey, counsel to the Omaha bank (paid by stockholders) to Washington, where he spent the winter of 1922-23. He has been said to have written, and at least continuously urged passage of the Strong bill, offering the stockholders right to elect three directors while the Government appointed four. Representations were made by the board in its annual report that the continued sale of bonds rested largely if not entirely on close Government control. Yet every bond sold for six years was purchased with the explicit understanding that these banks were to go into permanent management by stockholders. Certainly, Manson pointed out, "it can not be said that bondholders were induced to purchase these bonds by the fact that these banks were to be managed by political appointees."

Always at the crux of the discussion of stockholders' control appears the pivotal problem: Who shall control the issue and sale of bonds? Arguments follow against removing this from political hands.

Two intermediate credit bills were up in this 1923 session. Supported by the Federal board, by land-bank officials (who appeared to lobby and remained some time about Washington), the Strong bill, betraying stockholders, cheating them of their birthright, was urged until it passed the House. Farm loan officials who advocated it were receiv-

ing a salary and expense money from farmers. Those who testified against it, including Flannagan, Charles E. Lyman, of the National Board of Farm Organizations, and Lester C. Manson gave a great deal of unpaid service. Flannagan died broken-hearted. Lyman's policy on the matter was not appreciated by the organization that employed him and he resigned; Manson spent thousands of his own money, and after the end of the 1923 session retired from the fight. Stockholders lacked any dependable advocate.

The Strong bill in the Senate had not even been discussed. In the last week of the session it was agreed that it had not a chance of consideration. Nor was it ever considered.

SENATE INATTENTION COSTS STOCKHOLDERS RIGHT TO CONTROL AND MANAGE

The three credit bills were referred to a conference committee. In committee the Strong bill was jammed in between the two rural credit measures, with the inconspicuous designation "Title III." At the eleventh-hour session of Congress Senator McLEAN, of Connecticut, reported the conference bill late at night. His synopsis of the compromise measure was totally inadequate, obscuring if not deliberately hiding the fact that the Strong bill, never acted upon by the Senate, was a sweeping revision of the farm loan act depriving stockholders of their guaranteed control of banks then worth three-fourths of a billion, and permanently placing the banks under political management, without even such safeguards as civil service.

New blanket powers were granted under the act.

The loan limit was raised to \$25,000.

Two unnecessary new memberships were added to the Federal Farm Loan Board.

The compromise passed without reading, entitled the agricultural credits act, effecting "quasi-confiscation of the property rights of stockholders." Yet by decision of the Supreme Court, stockholders of corporate bodies are entitled to control and manage their own enterprises.

Determination that bond sale arrangements should not be disturbed seems to have gone hand in hand with determination that political appointees should get more and better salaries out of the farmers' banks. Stockholders were helpless to protect themselves. Lobdell resigned and was appointed fiscal agent, the place being made for him by the 12 presidents of the Federal land banks. These presidents' salaries were raised to \$9,000, the third raise in seven years, and \$1,000 was added for serving as presidents of newly created intermediate credit banks. The fiscal agent's salary was not at this time announced, nor at all until charges made to Senators BORAH and Lodge, involving official acts of the former commissioner, caused BORAH to put in a Senate resolution to secure certain facts about Federal farm loan matters. Corey was immediately appointed a member of the Farm Loan Board.

STOCKHOLDERS PROTEST CONFIRMATION OF COREY—THE SENATE BANKING AND CURRENCY COMMITTEE CONDUCTS AN IMPROMPTU INVESTIGATION

After the death of W. W. Flannagan, M. Elwood Gates, of Brentwood, Calif., managed the National Union of Farm Loan Associations. This organization and several stockholders appeared at their own expense before the Senate committee to protest the confirmation of the new members to the board and to petition for the correction of various abuses in land bank and Federal bureau affairs. (Reference: "Hearings of the Senate Banking and Currency Committee on Nominations to the Farm Loan Board.")

The National Committee for cooperative banks also sent a representative, Gertrude M. Shelby, to whom Mr. Gates gave credentials to act as a representative of the farm loan associations that were members of the National Union.

Corey and Jones had served for months before Congress convened. They were therefore party to actions of the Farm Loan Board which were under question. It was pertinent to their fitness as board members to review these acts.

PRESIDENT HARDING'S COUSIN PREFERS CHARGES AGAINST THE FEDERAL BUREAU

R. H. Coker, a cousin of the late President Harding, employed until the Chief Executive's death as a reviewing appraiser in the bureau, appeared at these hearings to reiterate charges made personally to BORAH and Lodge to the effect that the Federal board maintained a private account in the Franklin National Bank subject to the farm-loan commissioner's check, and that the new fiscal agent, formerly commissioner, was receiving \$25,000 a year, paid from that account.

Although acrid aspersions were cast by various individuals identified with bureaucratic sources concerning Coker's motives, since he had been discharged after President Harding's death, it must, nevertheless, be stated that these principal allegations were upheld.

The representative of the farm-loan associations and the committee for cooperative banks were kindly permitted to cross-question members of the Farm Loan Board at successive hearings of the committee. Facts developed and evidence brought in by the board under compulsion showed that the Franklin National Bank account was derived from a day or two's interest here and there on hundreds of millions of funds (from the sale of bonds) sent from the East to the several land banks. By date this interest was not due the banks; therefore the board set up

this account apart from other funds. No books were kept. Vouchers and receipts were missing. Purposes for which the funds had been used were dubious. The amount accounted for by a mere list was \$47,000; total accruals were said to have been under \$70,000.

SENATOR HOWELL, DECLARING MISAPPLICATION OF FUNDS, ASKED FOR AN ACCOUNTING OF EIGHT HUNDRED AND EIGHTY MILLIONS OF FARM-LOAN FUNDS THAT HAD PASSED THROUGH TREASURY

This minor fund had been detached from the main account without being missed.

Secretary Mellon discovered, when he complied with HOWELL's Senate resolution, that all the Treasury had in the way of books on nearly a billion of farm-loan moneys was a list of receipts and disbursements. Because these were "private funds" supposedly handled by the Treasury as a mere "accommodation for the banks," this account No. 19189 escaped the strict Treasury rule of monthly audit.

FOR SEVEN YEARS THE MAJOR FARM-LOAN ACCOUNTS HAD NOT BEEN AUDITED AT ALL

The Treasury was obliged to put 10 accountants by day and 10 others by night working in the neighborhood of seven weeks, to compile a record of Treasury transactions that, according to Major Woods, in charge, was not an audit. This account contains much interesting information which the Senate committee did not analyze, nor any later inquirers see, since there were no copies. Accountants employed by stockholders should have studied this in detail and checked by the books maintained by each Federal land bank. It appeared that no central books whatever were kept.

MIXED RESULTS OBTAINED BY HEARING

(a) The fiscal agent and the board commenced to keep books on main funds from this period.

(b) The Secretary of the Treasury ordered the Franklin National Bank account discontinued. The money misapplied, however, was not returned. It could only be obtained by legal process.

(c) Important information was obtained. Nepotism existing was exposed, with some good results.

(d) It was discovered that since the first contract with the Morgan group of investment houses there have been no contracts whatever governing the sale of almost a billion of bonds.

(e) Large funds have been kept on deposit in banks connected with this group. While no damaging testimony was given, the value of control to financiers is illuminated.

(f) The fiscal agent uses land-bank funds on the stock market to sustain the value of bonds in the secondary market. He had used at that time close to a million dollars in such transactions.

(g) Much incidental information; names of men who drew unappropriated expenses and salaries from the private Franklin National account were obtained.

(h) The appointments of Corey and Jones were confirmed.

QUESTIONS RAISED

(a) What does the absence of contracts signify? An exceedingly close relation between the investment firms and the fiscal agent? Exclusive preferential bond-sale arrangements have prevailed from the outset.

(b) Are further advantages derived by banking houses used as depositaries? Lists of such houses should be available.

(c) What warrant in law exists for the use of a revolving fund of farmers' money for speculative manipulation of the bond market, even if such efforts are desirable? If it is considered desirable to continue the fiscal agent's high-paid office, should not the requirements, powers, functions, and salary of such an all-powerful official in determining bond-sale policy for this great system definitely be set in the law itself?

SECOND MAJOR EFFORT OF COMPETITORS TO KILL SYSTEM

In 1924 the farm-mortgage bankers aligned light, water, gas, traction, and insurance companies in a campaign to pass the Green amendment to abolish tax exemption. This was aimed at the Federal land banks, but would have deprived municipalities, schools, and public utilities engaged in public service at cost of their obvious claim to remission of taxes.

During this fight, which came dangerously near success, the existence of the joint-stock land banks was an actual protection to the Federal or farmers' banks. The Treasury favored the amendment. The Federal Farm Loan Board, nominally a Treasury bureau, certainly did not lift a finger to prevent farmers' banks from losing their right of tax exemption, even by a statement concerning the certain effect on the interest rate.

To deprive either branch of the farm-loan system of tax exemption meant that the land banks could not lower interest but must raise it. Eventually that would kill the system. Immediately its regulatory effect would be nullified and the private competitors of the system would gradually reclaim much of the vast business that was lost.

Farm-loan stockholders had no right to spend a cent of association funds to make clear their views. The joint stocks have never suffered any such restriction. The exceedingly able activities of the Joint

Stock Land Banks Association in Washington were largely responsible for the failure to pass the Green amendment, and both branches of the system shared the resulting protection.

FEDERAL LAND-BANK ELECTIONS

Two Senators sent out a questionnaire at this time (BORAH and LA FOLLETTE) and received some 800 replies from stockholders, secretaries, or presidents of farm-loan associations. Immediately on the passage of the intermediate credits act, the Farm Loan Board assembled the bank presidents in Washington. Election methods were discussed, and notices of the election were sent out. The replies to the senatorial questionnaire above referred to in large measure condemned the perpetuation of political control by the Federal board. "The election was a farce," replied a man in the St. Louis bank district. "We nominally were to select four of these directors, one being the director at large—so large by the way that he happens to be the vice president of the Federal bank at St. Paul—the other three being hand-picked favorites of the bank, and, of course, the Farm Loan Board returned the compliment by selecting three good farmers (?) like the president, secretary, and treasurer of the Federal land bank." The "hand-picked" directors were generally all bankers, not stockholders. "Can you tell me," demanded this stockholder, "of any other banking business on earth managed by those not having a cent of money invested in same?"

"As it stands to-day," commented a Montana editor, "the Farm Loan Board is the whole thing. The borrowing farmers (stockholders) are completely disenfranchised."

Unfair elections were complained of in many letters from every district. And stockholders' own money was used to defeat the farmers' candidates and elect the banks', in traveling expenses, wires, long-distance telephones, letters, etc. Appraisers' and other employees' time was devoted to securing results the bank wanted.

COMPLAINTS OF ADMINISTRATION

Since the beginning of the system complaints of importance have repeatedly been sent to the board, to Congressmen and Senators, to banks, and to certain farm journals:

- (a) Interest rates too high.
- (b) Inadequate service—not enough money found to loan.
- (c) Discrimination between applicants or between areas.
- (d) Slow and poor service.
- (e) Inefficient Federal appraisers.
- (f) Unreasonable reduction in amounts granted after conservative local appraisal, sometimes compelling applicants to get supplemental loans from the local bank to clear existing liens, to refund which was the purpose in taking a Federal farm loan.
- (g) Undivided profits belonging to stockholders are unduly withheld. The law intended and cooperative practice compels such banks annually to distribute the surplus over and above reserves. Millions have been held under the heading "undivided profits" every year. Stockholders who pay out never get their share. After debating with association representatives whether to allow stockholders book credit or extra dividends from an announced sum of undivided profits, the officers of the banks did neither, according to one of these letters.
- (h) Information to which stockholders are entitled is denied by the board and the banks.
- (i) Right of stockholders to support a federation out of association funds was denied, and intimidation attempted; in some cases every effort to compel resignation of secretary was used. Threat of holding up applications is reported.
- (j) Every farmer in the United States is supposed to be eligible for a loan; yet funds to lend were allotted, regardless of demand, so many to this State or that association. Nevertheless, every applicant pays a fee (at this time \$10). When applications can not be satisfied fees improperly assessed are not returned.
- (k) Cases were cited of the refusals of small loans. "They cater to the big man and let the little man go unhelped." This is the exact reversal of the intent of the law.

Demand for investigation was made by stockholders.

Senator HOWELL put in a resolution to investigate. It was pocketed.

FARM-LOAN BOARD APPROVES JUNKET ARRANGED FOR MEMBERS OF CONGRESS AT STOCKHOLDERS' EXPENSE

In 1924 members of the House Banking and Currency Committee were invited, at the expense of farmer-stockholders, to "take a swing around the circle." They were royally entertained. They made no report. No action was subsequently suggested upon the vital matter of repealing the unjust sections depriving stockholders of control and management of their own institutions and bond sale.

THE AGRICULTURAL COMMISSION IN 1925 REFRAINED FROM CALLING WITNESSES ON ABUSES OF FARM LOAN ACT

To discharge the responsibility entailed by the foregoing knowledge of the need for protecting stockholders, the secretary of the committee for cooperative banks applied to the commission and submitted the brief required by them before any witness would be heard. The secretary, who formerly had represented also the National Union of Farm Loan

Associations, was never allowed an appointment to testify, nor to bring in competent experts.

APPEAL TO WHITE HOUSE THAT PROPERLY QUALIFIED MAN BE APPOINTED TO VACANCY IN 1925

A membership on the board fell vacant. The committee for cooperative banks, through its secretary, urged directly at the White House that at last a man genuinely qualified by knowledge of cooperative banking be appointed to this place. At the same time was pointed out the helpless condition of stockholders; the significant facts turned up in the impromptu investigation of the year before; and a request registered in writing that the White House use its power to clean up the bureau and restore management to the proper place, farmer-owners of the banks.

The Secretary was requested to nominate candidates for the position possessed of proper qualifications, and did so. In due time the committee received assurances from the Assistant Secretary of the Treasury and the White House that farm-loan matters were under investigation. Ultimately, however, the Treasury's interest in farm-loan affairs took quite a different line. The department ignored the farmer-stockholders' plight.

A. C. Williams, of the War Finance Corporation, was appointed to the board. He had no qualification of experience with nonprofit land-mortgage banking. He is said to have been a protégé of Eugene Meyer. This is apparently the point at which Meyer, the present farm-loan commissioner, began to take direct and constant interest in the affairs of the board, although as early as 1921 he was a member of the committee on rural credit in the conference called by President Harding.

SECRETARY MELLON SETS A NEW PRECEDENT

Ex officio chairman of the Federal board, as the Secretary of the Treasury always is, it is not customary for him to attend its meetings in person. Mellon himself did not change this tradition, but sent an Assistant Secretary, Mr. Dewey, to represent him at all board meetings.

Land panic was upon us—State, national, and saving banks were compelled to dispose of their overburden of farm lands; insurance and mortgage companies likewise. Deflation of land values in a large part of the country resulted. The exodus of people from farms became terrifying. The only institution in position to steady the situation, and empowered by law to do so, was the farm-loan system. Land banks are authorized to hold acquired lands five years. The law does not specify that these lands shall be written off before the end of that period.

Yet, instead of recognizing the primary need that all land banks in financial position to do so should hold acquired lands, and that, until the period of financial stringency of agriculture should pass, these banks should be operated with sound leniency, Mr. Dewey presented to the Federal Farm Loan Board a set of stringent rules. They had the appearance of having been mailed, it is said. These Treasury rules would have the effect of compelling the joint-stock banks to charge off acquired lands at a rate which presumably would mean that, to pay dividends, the lands must be dumped on a market that wouldn't absorb them and their value as assets be wiped out. If these banks don't pay dividends they can't sell stock. If they don't sell stock they can't sell bonds. Unless they sell bonds they have no funds to lend.

These rules also required the setting up by these banks of a new reserve account not required by law, which joint stocks found completely unfair, threatening them with a deficit.

JOINT STOCKS IN DISTRESS

After months of debate the Federal Farm Loan Board adopted these rules on November 30, 1925. Immediately the securities of joint-stock banks, which had been selling well, slumped alarmingly. News leaked out that the Farm Loan Board had fallen behind on examinations, that certain banks had suffered from misrepresentations and mismanagement. The Treasury took unprecedented steps. The Farm Loan Board alone had legal authority to conduct examinations of the banks, and objected to the Treasury's proposal to send national bank examiners to help catch up with overdue examinations, on the excellent ground that, since land banks are not banks of deposit and have no demand obligations, examiners familiar with the farm loan act and trained to accurate estimate of land assets were alone fit to do this work. National bank examiners accustomed to provisions in the national banking act could hardly be expected without experience to understand the difference.

Nevertheless, the Treasury sent national bank examiners in December, 1925, without permission of the Federal board, not to all banks, but a picked group. If certain documents filed with the board and congressional committees are even partially true, a congressional investigation would appear to be warranted. The Treasury subsequently sought, and after several trials obtained, certain indictments. The affairs of six or more banks were at first reported to be in terrible condition, although Mr. Dewey himself later testified that every bank in the system was solvent. Yet all joint stocks had practically to cease business for more than a year because of the course pursued by the Treasury.

In June, 1927, the Treasury appointed receivers for two banks on charges of mismanagement. The law sets up two grounds on which a receiver may be appointed—insolvency or default of interest on bonds. Neither condition existed in the case of these banks.

It would appear that banks serving farmers, even when privately owned, are subject to harassments not shared by commercial institutions.

Representatives of the other joint stocks, Mr. Powell and Mr. Selleck, gave testimony worth reading in the hearings concerning certain other charges against this branch of the system, showing that procedures for which land banks were severely criticized by the Treasury were recommended in the printed rules issued by the comptroller for national banks. If six national banks had required special investigation, would the whole national-bank system have been hampered in operation?

The active branch of the system, joint stocks, do not wait for business—they solicit it. This activity rendered the joint-stock branch of the system particularly liable to attack by old-line farm-mortgage interests. It is understood that these groups to-day believe that the row started by those rules, apparently not of Treasury origin, was part of a

THIRD DELIBERATE ATTACK BY COMPETITORS ON THE FARM-LOAN SYSTEM

It is thought by some to have been backed by an important faction within the joint-stock system itself, identified by ownership with certain trust companies and national banks which, while taking advantage of tax exemption under the farm loan act, nevertheless were opposed root and branch to the system. Those who interpret this row this way say that rules which would adversely affect all other land banks than their own might readily have been furnished by this faction to the Treasury with the apparent authority of a disinterested banking organization behind them.

So strong were the representations of the joint stocks to the Federal Farm Loan Board to the effect that fifty-odd banks would be crippled, that the board never enforced those rules of November, 1925. The Treasury was ill pleased. In June, 1926, modified rules were issued under which the joint stocks generally could live.

JOINT STOCKS ENJOY PRIVILEGES DENIED FEDERAL LAND BANKS

The joint stocks were newly required to charge off acquired lands at the rate of 20 per cent a year for five years. They considered this a hardship. Yet lands acquired by Federal land banks have always been charged off 100 per cent immediately upon foreclosure. Lands have not been listed as having any value whatever. This serious discrimination was defended on the ground that, while possibly over-conservative, the 100 per cent charge off imposed on Federals was "sound policy." The obvious intent of the act is that these two systems shall be impartially administered.

SUBJUGATION OF THE FEDERAL BOARD TO THE TREASURY WAS THE MOST IMPORTANT ISSUE INVOLVED IN THE JOINT-STOCK ROW

Dewey apparently took the point of view that, although the law gives the Secretary of the Treasury only one vote, the board is only a Treasury bureau; and therefore, like any other department, must accept Treasury dictation. This is not fact. Like the Federal Reserve or the Federal Trade Commission, the Farm Loan Board is empowered with autonomy and independence.

The board demonstrated, in June, 1926, its feeling by excluding Mr. Dewey from its meetings on the ground that the Secretary alone was a member. The term of Cooper, the Farm Loan Commissioner, was almost at an end; Mr. Mellon did not renew Cooper's appointment, but promoted Williams to the commissionership, with the understanding that it was a temporary appointment. And the Treasury prepared legislation, known later as the McLean-McFadden bill, providing for Treasury domination of the banks. The great importance of this is treated later. The legislation failed to pass. The testimony of several members of the board so displeased the Treasury that their resignations occurred. Having failed to achieve by the McLean-McFadden proposal the desired control of the board by the Treasury, the obvious alternative means was utilized; to the memberships vacated the Treasury dictated the appointments, securing a board which would subordinate every consideration to the dictates of Treasury policy.

Eugene Meyer was appointed farm-loan commissioner, after repeated rumors for 18 months that he was to have the place. The other new appointees are war finance subordinates of Meyer, Cooksey, and Harrison. With Williams's and Mellon's votes, no opposition to Treasury policy could be effective. In effect, the farmers' great property is thus completely federalized, although such a result is obviously unjust administration of the law.

NEW ATTEMPT TO ORGANIZE BORROWERS VIOLENTLY OPPOSED BY LAND BANKS AND POLITICAL APPOINTEES

After the adoption of the Farm Bureau's resolutions, Carl Vrooman was appointed head of a national federation of farm-loan borrowers, and the work of organizing the actual members of the system commenced. The officials of various land banks denounced this body, the president of the Texas bank going to the length of writing a vigorous condemnation to associations, warning them to have nothing to do with it. The land banks used publicity resources at their command to check

the growth of this perfectly proper federation, charging that Mr. Vrooman was making political capital of the matter, instead of actually taking an intelligent forward step.

III

PRESENT SITUATION

FEDERAL BANKS' REAL-ESTATE ASSETS AND DIVIDENDS

The Federal Farm Loan Board early set up but did not announce an arbitrary and discriminatory policy concerning acquired real estate. Explanation first appears in the 1925 annual report of the board. About 18 months ago notation began to appear on the monthly mimeographed statement of the bank's condition, "All real estate acquired by foreclosure or deed charged off immediately upon acquisition." This meant that lands worth millions in some years (an amount never stated until about 18 months ago, when a new item began to appear—"Less real estate acquired" * * * seven millions or more) was not shown in any way as possession of the system, not valued at a cent as admitted assets. Meanwhile joint-stock banks were allowed to count acquired lands as assets, and are at present only required to write off such holdings at the rate of 20 per cent annually. Had Federals not been handicapped by a charge-off of 100 per cent, stockholders on the farm must have enjoyed greatly increased dividends. Now the handicap is reduced only to 80 per cent.

Furthermore, these actual assets in lands were held in what amounted to secret accounts; and other assets, entered in the financial statements as undivided profits, were held up from year to year—several millions appear in successive statements. Neither of these practices would have been permitted in national banks. The national banking act forbids the keeping of any secret account. If directors do not voluntarily distribute net earnings as dividends in reasonable amount, provision is made that stockholders may apply to the courts to compel such distribution.

Despite the facts that at least two of the Federal banks are known to have been disposing of lands as fast as possible, and that Treasury policy, as expressed in the controversial rules and advices to banks by the board, has dictated that all banks should close out acquired lands as rapidly as possible, the monthly figures for acquired lands have risen steadily month after month, until they stood June 30, 1927, at \$14,004,738, practically double the amount of November 30, 1925. This amount was listed neither among assets nor liabilities, but deducted from net earnings in accordance with the charge off of 100 per cent. July 30 this amount had been reduced to \$12,000,000, suggesting that Meyer, in power, is pressing for disposal of these assets.

In regard to the subject of acquired lands, it is of the greatest importance that this admittedly huge property of the banks should be safeguarded: (1) By full information about every farm that has been taken in; (2) real and appraised value and loan upon it; (3) by close scrutiny of all transactions by which farms have been disposed of; (4) by amendments to the law which will compel a proper set-up of this real estate account; and (5) removal of discrimination between the Federals and joint stocks in regard to accounting such acquired real estate as assets. In just such discrimination lies a large advantage unfairly enjoyed by joint stocks.

LOCAL SITUATIONS

By 1924 the Spokane Federal Land Bank was heavily overburdened with land. In 1925 delinquencies were such that the bank faced serious trouble. Before default or interest on their bonds occurred—the only condition stated by the act as warranting calling upon other banks for help—the other 11 banks "anticipated the difficulty." They set up without legal authority the Spokane commission. In hearings before the Appropriations Committee is found testimony that the overburden of land amounted to eight or ten millions—whether by appraisal or re-appraisal, of what date is not stated. Other banks pledged out of their undivided profits some four million, paying in one million in 1925. No details of the terms of the agreement have yet been furnished and the annual statements of Federal land banks do not usually furnish the highly pertinent facts to stockholders concerning why they have not received full dividends, or upon what basis they will eventually receive dividends from the funds so diverted, assuming that the Spokane Land Bank pays out. It appears that information has deliberately been withheld.

This bank's situation points an important moral. Stockholders of all banks should be assured of information and protection in case of such distress. It should be impossible to hide a secret insolvency, or the terms of agreement by which funds available for dividends are diverted to another bank's use. Stockholders in the distressed bank, which may be unable for many years to pay dividends, should have full facts.

The affairs of the Spokane commission, conducted by three commissioners—one of whom is Willard D. Ellis, of the Berkeley bank—appear to be conducted without sufficient light upon them.

ST. PAUL FEDERAL LAND BANK

Something like a year ago a considerable body of farms held by the banks was dumped at forced sale, some of it going as low, it is said, as \$4 an acre. The total price brought by real estate valued close to \$1,000,000 was less than \$350,000.

This transaction, as well as the Spokane case, indicates the necessity for close scrutiny of all transactions in the disposal of acquired real estate; not merely how much the land brought is necessary to know, but who bought it; what those lands would probably be worth if held the entire five years allowed by law; whether the method of disposal deflated the value of surrounding farm lands; in every particular whether the bank's stockholders have had to accept an unavoidable loss.

Other banks in the system must have suffered heavily from flood losses in 1927. This and the long-continued depression eloquently illustrated by the \$14,000,000 of lands the farmer's system had on hand June 30, bespeak the continuing character of this problem and the importance of safeguarding not merely stockholders but all farmers against losses by deflation in land values precipitated by a country-wide policy of dumping any overburden of lands at periods when forced sale on a glutted market means deeper depression for agriculture as a whole.

BERKELEY

A defalcation of some \$17,000 or more occurred in the Berkeley Federal Land Bank in June, 1924. Burke, the cashier, confessed to embezzlement. Later he committed suicide. The assistant treasurer of the bank confessed to petty peculations at the time, it is alleged, that Burke's theft was discovered. Later, examiners found that many entries attributed to Burke were in the second man's handwriting. The California Farm Bureau Federation and George H. Sawyer, a stockholder-director of the Berkeley Federal Land Bank, jointly charged that Willard D. Ellis, the president, withheld the information of the assistant treasurer's confession from bank examiners. Discovery of evidence did not result in the assistant treasurer's dismissal. He was retained in bank employ with only slightly limited opportunity for further falsification of the books and only restricted opportunity for further embezzlement. He left in January, 1926.

After delays, hearings were conducted by the Federal board. No steps were taken toward prosecution.

Charges against this president, Ellis, included malfeasance and misapplication of funds: (a) withholding information from stockholders and directors; (b) favoring Utah in the allocation of bank moneys (he is a Utahian); (c) raising the amount of a loan in the absence of the required unanimous approval of the association's officials of the amount; (d) refusing to carry out the orders of the board of directors of the bank; (e) ignoring the requests of local associations; (f) barring directors from access to the bank's records; etc.

It was early in 1927 before the Federal Farm Loan Board gave down its decision whitewashing Mr. Ellis. No steps were taken to interfere with the liberty of the assistant treasurer. The accusation that Mr. Ellis was an abettor of Mr. Shaw implied that if the shielded employee who had confessed to guilt were prosecuted, Mr. Ellis also might have been.

Stockholders in the land banks must rely on prompt and thoroughgoing prosecution of offenders under the penal clauses of the act. That the Farm Loan Board should take two and one-half years to make a decision whether or not to act, and apparently dismiss the charges without specific discussion of each allegation, does not tend to increase the faith of investigators in the competency of that body nor promote belief that the system is even relatively free from political pressures.

The California Farm Bureau Federation renewed these charges in 1927, on the ground that intermediate credit funds and loans had been mismanaged. The charges come before a new commissioner who has opportunity to demonstrate his real interest in justice by conducting clearly impartial hearings.

NATIONAL PROBLEMS

SHALL LOST INDEPENDENCE OF FEDERAL FARM LOAN BOARD BE REGAINED?

Independence of the Farm Loan Board is as important to farmers' banks as the independence of the Federal Reserve Board is to national banks. Formulation of policy should be independent of changing administrations. The handling of immense credit problems should be by specially equipped men who devote their whole time to that and continue in long-term appointments without regard to shifts of Federal administrations; and, finally, in position and empowered to adopt policy not necessarily a unit with Treasury practices.

Subjugation of the Federal board to the Treasury was one of the main issues involved in the joint-stock row. This is vastly important to Federal land banks because:

(a) The farm-loan system has vast possibilities if used as a reserve system for agricultural credit, as the Federal reserve system is used for commercial credits.

(b) Salaries and expenses of the board and land banks and all employees of the farm-loan system are paid for out of land-bank funds, farmers' money. This is a private, not a Federal, bureau, not subject even to Treasury rules of civil service or audit, although nominally connected with the Treasury.

If new appointees who favor subjugation of the Federal Farm Loan Board to the Treasury and the reduction of the board to a mere bureau of that department are confirmed, the complete loss of independence of the board will probably immediately be reflected in a still further

loss to the system, even of hope of independence in the operation of the farmers' banks, to the end that interest will be lowered, bond sale controlled, and banks operated by real representatives of stockholders.

Recommendation: That appointees to the Federal board be closely scrutinized and their affiliations and records examined. Those who do not pass muster should be consistently opposed in the Senate. This is a major matter at the present time.

(2) That the autonomy of this board be reestablished by securing an amendment striking out the phrase "a bureau of the Treasury" from the act.

RESTRICT THE FEDERAL BOARD TO SUPERVISION ONLY

Return management to stockholders: Independence of the banks and associations depends on the restriction of the Farm Loan Board to powers of supervision only. The Treasury aptly pointed out at hearings in 1927 that the Farm Loan Board was both managing and supervising; that it was impossible for one body to perform both functions. This is a fundamental truth. The act gave management to stockholders, supervision to the Federal board.

Recommendation: That a complete audit be made of the affairs of the Federal land banks, covering not merely recent transactions but the eight hundred and eighty millions which passed through the Treasury up to May, 1924. Congress may be appealed to to order an investigation and to require strict periodic audit both of Treasury and land-bank accounts and records of the fiscal agent's transactions and expenses of his office. (Specific recommendations later indicate how the Federal board may be restricted to supervision only.)

PREVENT FARMERS' SYSTEM FROM BECOMING AN EXPLOITED SUPERSTATE POLITICAL STRUCTURE SUPPORTED OUT OF FARMERS' FUNDS

Consider the network of associations, averaging about two to a county, over the entire United States; divided between 12 land banks, each covering several States, all under the control of the Federal Farm Loan Board, at present under the Treasury—an ideal machine when manned by political appointees (as it is) for developing a new super-state political system of 12 units, with power to divert from States or areas needed loans; and in command of a huge traveling field force of political appointees upon whose recommendations depend the ability of farmers to secure loans.

This system offers the largest number of appointments not under civil service. Members of the Senate, of both parties, have usually nominated appointees. Appraisers appointed have naturally been assigned to the districts with which they are familiar, usually covering the district of the Senator to whom they are particularly indebted for appointment. These appraisers may never be called on to do favors, but venal legislators could secure a return of favors, if the appraiser proved willing; such as, favoritism in recommending loans in a certain congressional district; a liberal allowance in individual loans; keeping up political fences at no expense to the politician involved. (Appraisers travel at farmers' expense, but stockholders never see the bills and have no power to insist upon economy if they did see them.)

Reports of such occurrence are already current. The land bank is already a political power in numerous districts. The huge power of the millions it annually lends makes Members of Congress in practically every land-bank district take notice. It has power to punish a recalcitrant Senator, without being found out, by refusing him desired patronage, cutting his State short in loans, or instructing these traveling forces to work against this or that man. Similarly it can reward a "good" one.

Federations of secretary-treasurers, most of whom are nonstockholders, have, it is said, on occasion spent stockholders' money with land-bank approval to secure passage of legislation or confirmation of appointees not in stockholders' best interests.

Formerly this was a bipartisan situation. Now, with the Federal board subjugated to the position of a bureau in the Treasury, a single political party—that in power—may utilize all these appointments, for the banks are part of the spoils system. The Treasury now is nominating all appointees.

Recommendation: It is therefore all important that civil service, however deficient a safeguard, be instituted. This may be done without amendment to the law if the President so orders.

Citizens generally should note the inimical possibilities in this situation if one party, or members of both in agreement, sanction or wink at the abuse of lending power or use of farmers' funds to accomplish political results or sustain appointees in power.

FARM LOAN STRUCTURE AND PRACTICES

RECOMMENDATIONS

(a) Voting: Every stockholder should cast one vote. Cooperatives are associations of persons rather than of capital. Instead of the present method of voting of all stock by a secretary-treasurer, who more often than not is not even a stockholder, relieving stockholders of a responsibility that cooperation requires they should personally discharge, the one-man-one-vote plan would encourage participation in land-bank affairs.

This step appears relatively insignificant but is actually important to the responsible assumption of full control by stockholders.

(b) Stock: Each shareholder should receive actual certificates when he purchases stock in the land bank. These may not be hypothecated nor sold, but actual possession of these securities is important to increasing both sense of property in and responsibility for participation of control in the land bank. Stockholders now receive only receipts; the association holds the shares and the secretary casts one vote for every 20 shares. This constitutes proxy voting, which is noncooperative.

(c) Stockholders only should be secretaries: This is the key position of the association. The man who holds it should have a pocket interest in the association and the land bank. Federations of secretaries now maintained in some districts would become stockholders' federations automatically.

(d) Stockholders only should be eligible to election as directors.

(e) Control of land bank boards should be restored, reducing Government representation to a minority and giving stockholders a clear and full majority of elected directors.

(f) Elections: It would appear desirable to revamp election machinery to permit direct casting of votes locally by stockholders; the safeguarding of the work of land-bank tellers; perhaps by providing for review by stockholders' election committee; the limitation of election expense chargeable to stockholders; stated publicity for stockholder candidates; and provisions concerning the furnishing of lists of names of officers and addresses of all associations in each district. Printed directions to stockholders regarding elections should be sent out.

(g) Cooperative education: The act now provides for the expenditure of moneys, at the discretion of the Federal board, to promote necessary knowledge of cooperation. This has been sparingly availed of in any real sense. District or subdistrict courses might readily be offered to instruct stockholders in the potentialities of cooperative organization for credit of the three particularly needed types: Productive, intermediate, and mortgage; the cooperative spirit might be greatly encouraged.

Secretaries might be offered instruction in farm-loan accounting and business methods which would render them efficient. Without such instruction, able-enough farmers might necessarily stumble along for a considerable period. This is a farmers' enterprise in which their training to self-help requires more than a crutch. Education is essential. Discussion should be promoted, not stifled.

(h) All Federal appointments should go under civil service and a scale of remuneration consistent with both good service and economy.

(i) Except in Territorial or insular possessions branch banks should be abolished. There is no excuse for having a district bank and a branch in the same State. In fact, it would appear that there is no need for expensive branches anywhere.

(j) The membership of the Federal Farm Loan Board should be decreased to five, the original number. Two extra mean unnecessary expense, not only in their own salaries but in assistants, etc. Corey promptly required a subordinate at \$7,500, besides other service.

(k) Procedure by which the 12 banks may, if advisable, set up extra bodies like the Spokane commission in anticipation of default, instead of after default as specified in the act, should be authorized by law and duties, responsibilities, and powers defined. Stockholders of all 12 banks should be informed what part of their dividends are devoted to the support of any one or more of the banks in the system requiring assistance.

(1) Information: Two sources of information, the annual report of the Farm Loan Board and the annual statement of each bank, now prove deficient in information to protect stockholders. Reports of financial condition of each bank should contain salient features of the actual conditions and problems of other banks to whose support any actual earnings of other banks of the system must be pledged.

Not merely should full figures be given so that experts employed by farmers would possess all essential information to judge the static condition of their business, but (a) its rate of progression, (b) the basis upon which dividends were declared, (c) expenses of operation and of bond sale, and (d) all items of genuine importance to understanding sources of profit and loss, and essential policies.

RECOMMENDATIONS

(1) That Congress lay down for the Federal Farm Loan Board methods by which, as a Government agency, it can give a model account of its activities; and require that board to provide for all land banks a uniform model report covering all desirable points and such interpretation that such stockholders as are conversant with financial matters would find before them all necessary data.

(2) That an annual statement, not expensively gotten up, be sent to each stockholder, not merely to each association.

(3) That all land-bank monthly bulletins shall go to all stockholders or cease publication. They are now for the most part ballyhoo sheets for their politically appointed managers. Only one of those available appears to contain the right sort of information and so far as known none go to all stockholders of the district, but only to associations. Their purpose should be cooperative education rather than to strengthen the position of the political land-bank organization. If genuinely

cooperative, such a sheet could promote stockholders' meetings which would make for good spirit and acquaintance that would further the election of men of good ability from amongst them.

(4) Publicity through the press and magazines should use all sources, and supply full facts and figures to any willing to help publish discussions of this great agency. The stockholders, rather than the Federal board, should set this policy.

BOND SALE

Recommendation: That with or without stockholder control all arbitrary assumptions concerning bond sales should be tested; for example, that farmers are securing their huge funds at the cheapest market price for money. The bond rate on farm-loan securities is not infrequently 4½ per cent and never below 4. Would not these tax-exempt securities be tempting to investors, small as well as large, at 4 per cent or lower?

Another arbitrary assumption is that the market will absorb only about one hundred and twenty-five to one hundred and fifty millions of these bonds a year? Is this true? Or is it the preference of the present bond syndicate to offer only this amount?

The needs of agriculture would apparently dictate that every means be tested by which sufficient funds bearing the lowest tempting rate of interest on the bonds be found to lend on all approved applications. A low bond rate means a low rate for farmers.

Continuous marketing would appear advantageous. National banks with trust companies attached sell short-term real estate bonds over their counters. By cultivation of a market for long-term mortgage securities an entirely new type of universal and continuous distribution might be worked out for farm-loan securities. Or former stockholders may market their own securities by setting up a full-fledged fiscal agency which will develop the never-realized anticipation of sale of farm-loan bonds of small denomination to hosts of people rather than big blocks to the rich.

In any case, bond distribution should not be by agreements preferential, exclusive and actually secret, as at present. Contracts should govern sale, and the Farm Loan Board as a Federal agency should furnish a model to corporations by supplying stockholders and bondholders with the facts concerning terms, fees, commissions, and all pertinent data of these important transactions by which the funds to lend farmers are found.

FISCAL AGENT

If stockholders consider a fiscal agent desirable they may properly demand that his duties, powers, and responsibilities be defined by amendment to the act.

Full and direct report should be required in connection with expenses and salary for himself and staff as well as all bond-sale transactions, to stockholders or their elected representatives.

If the secondary market or resale transactions require the use of farmers' land bank funds the act should specifically empower the banks through the fiscal agent to buy and sell securities and safeguard stockholders by the best devisable means.

INTEREST RATE

Farmers, entitled to a sympathetic administration of the farm loan act, may properly insist upon such efficiency of employees and economy of administration, that the interest rate may either be lowered outright, or the same end accomplished by dividends returned if the net earnings warrant, without reference to what may happen to the margin of competitors' profit.

With the greatest land-mortgage system on nonprofit lines in the world we have the highest interest rates. It would appear reasonable that farm organizations and stockholders in the banks insist upon the original construction of the law and the elimination of all unnecessary expense of operation.

LENDING POLICY

This system was started to supply loans, especially to the small farmers whose business was unattractive to regular mortgage concerns because so little could be made upon their business. The raise in the loan limit of Federal banks brings the temptation to favor the large loans which can be written at no greater expense than small loans, excluding many small loans.

If this nonprofit system does not supply small farmers it is acting contrary to principles and assumptions of both law and cooperation.

Recommendation: That new safeguards be set up either by the Federal board or the law to assure that these men get the service it was intended they should have.

INTERMEDIATE CREDIT SYSTEM

Separation of the two sets of banks is clearly indicated. Why? Intermediate credit business clogs the neck of the already jammed farm-loan bottle and renders poorer the mortgage credit service.

Intermediate banks are Government owned. Their securities and their staffs should be subject to such rules as prevail under Treasury regulations. The Government should pay the necessary rents, salaries,

and expenses without asking for estimated apportionment of overhead from political appointees accustomed to assess farmers' Federal banks with nine-tenths of salary and other expenses. Economy in farm-loan overhead will be difficult, if not impossible, to effect so long as the intermediaries are housed in land banks and run by the same political employees. Lowered interest rates may follow lowered overhead.

COMPETITION AND OPPOSITION

Organized opposition to both legs of the bifurcated farm-loan system has not only never disappeared but is scarcely less intense to-day than for the last 15 years. From the point of view of certain people the recent troubles of the joint stocks are in the main the result of this opposition.

Dangers take new forms. Predatory interests already discuss means of "developing"—really controlling—agriculture by securing vast areas of land and instituting corporate farming. Corporate farming, if ever instituted, will destroy certain inherent values in farm life and American people. No effort should be spared to prevent the farm-loan system from being used as a means by which detrimental ends may be served. While stockholders may see fit to continue employing investment houses to market securities, they should be independent of the consent or refusal of any group to sell farm-loan bonds. To prevent them from securing access to the market should be impossible. Likewise it should be impossible for any group to obtain control of land banks by the cheap securing of vast quantities of acquired real estate from either branch of the system.

There are two factions within the joint stock land bank system, one allied to big banking interests. The internal fighting in that wing of the system jeopardizes Federal land bank interests to no small extent, even though occasionally joint stocks have actually protected land banks. Field competition is keen between the two branches. Joint stocks are on no ground entitled to tax exemption. Their possession of the privilege endangers the Federal or nonprofit banks' enjoyment of it. Doing business at cost, and presumably serving all comers, whether their business is profitable or not, the cooperatives earn their tax exemption. Rumors of an aggressive campaign on the part of joint stocks to eliminate the Federal banks through securing congressional amendments, lend weight to discussion of the advisability of refunding all joint stock banks' bonds, and terminating the life of this branch of the system.

To the end that Federal land banks may be protected from opposition within or without the system itself, and that abuses of all sorts, only the more obvious of which have been here reviewed, may be corrected, we add the final—

RECOMMENDATION

That Congress be asked to survey the whole farm-loan system with a view to the propriety of eliminating the joint stock land banks and promoting genuine cooperative banking in the Federal land banks through genuine democratic control.

The alternative to actual protection for stockholders by congressional survey and resultant legislation is to demand that the Government, having operated these banks for 10 years without allowing stockholders to protect their own interests as guaranteed, buy out the stockholders of the Federal land banks, voting sixty millions from the Federal Treasury, an amount equal to that authorized for intermediate banks, and operate the two systems thus synchronized under one ownership, under such new safeguards against political exploitation as can be devised.

IV

LEGISLATION

All pending legislation died with the ending of the last Congress. Measures up the last session and probable new bills of importance in this situation which will be introduced or reintroduced are as follows:

GOOD IN PRINCIPLE

A bill (S. 1036) to permit farm-loan associations to federate to form among themselves State or national unions for advancing the general welfare of all stockholders contributing not in excess of \$25 annually to their support from funds of the association. (Senator WALSH of Montana.) This desirable bill has been pending several sessions, but is always killed in committee.

A bill (S. 4048) providing that control of land banks shall be restored to stockholders. Each bank board is reduced to seven directors. Stockholders shall elect six. One shall be appointed by the Farm Loan Board and serve as treasurer at a salary of \$7,500 "to represent public interest." Four out of six elected by farmers must be stockholders experienced in farming. No director may act as officer, director, or employee of any other institution or partnership in banking or land-mortgage business. Directors are all to be paid \$6,000. The president gets \$8,000. This salary covers the intermediate's work also; and one-fourth is to be paid by the Government, three-fourths by the land banks. The main provisions of this bill are admirable; the last provision re salaries should be studied in the light of FRAZIER's proposal, following. (Senator ASHURST.)

S. 5665: Provides reorganization of the Federal intermediate-bank system, creating a separate Federal intermediate bank bureau in Washington, with a bipartisan board of five members. Each of the 12 intermediate banks is to have a separate board of seven members, "who shall so far as practicable, have the same qualifications and be selected in the same manner and for the same terms as the members of the board of directors for the Federal land banks." Remuneration is to be fixed by the Federal bureau. Employees of the system are not subject to civil service. Loans may not exceed 75 per cent of the market value of warehoused products. Separation of the Federal land banks from the intermediate here proposed is wholly commendable. But the manner of selection of directors of intermediate banks in the same manner as land-bank directors is impossible. Since the Government holds all the stock, the Government will, of course, make all appointments. Employees of the system should positively be subject to civil service, else we shall have a new network of superstate political control through a vast system of paid appointees empowered to lend half a billion or so. (Senator FRAZIER.)

Both BORAH and FLETCHER introduced bills in 1925 or 1926 to reduce the Farm Loan Board to its original number—five. If requested, one or the other would doubtless reintroduce such a bill this coming session.

S. 616: Proposed to extend the rediscount privilege to farm-loan bonds to promote their sale, and for other purposes. If stockholders controlled their own bond sale, they would at once perceive the great value of this privilege. (Senator FLETCHER.)

S. 2001: Provides for the maintenance of a bureau of information by the Federal Farm Loan Board, and for other purposes. This is an idea that might be of value if properly developed.

NOT APPROVED IN PRINCIPLE

S. 4944 (known as the Treasury bill): Proposes to subjugate the Federal Farm Loan Board to the Treasury, transferring from the board to the Secretary of the Treasury fundamental powers of both supervision and management.

(a) The right to examine all land banks, taking over the regular examination forces, but leaving in the board right to make such other examinations as they saw fit. This is divided control of supervision.

(b) Right to impose rules and regulations, over and above stiff requirements of the law, of what shall constitute net earnings. As the law declares that all remaining after 25 per cent of gross earnings is put to reserves, and 5 per cent to suspense, is net earnings, the banks take the point of view that the Treasury proposes to interfere with proper functions of management vested in directorates of the bank in determining disposition of net earnings. After the banks have complied with law they properly hold that the Treasury should not be authorized to pass regulations to compel the setting up of further reserves, nor to interfere with other fiscal policies.

As reported, the Treasury did induce the Federal board so to compel them, an assumption of authority which the Treasury wanted to legalize and exercise itself rather than through the 1926 Federal board. Safeguards of fiscal policy should be adequate. But the law alone should determine what shall constitute net earnings. No supposedly supervising authority should dictate fundamental changes of management in fiscal policy.

Thorough supervision of all land banks is important. Vested in the Federal board by the act, power to examine should certainly not be left in both the board and the Treasury. Divided control means additional expense without compensatory results, and inefficiency arising from confusion.

This bill is wrong in its major assumption that any Federal authority should continue functions both of supervision and management. No bureau can properly exercise both. Management belongs to stockholders, supervision to a Federal bureau.

Other provisions in this bill are also important but not especially pertinent to farmers' Federal banks. (Senator McLEAN-Congressman McFADDEN.)

S. 4944 (amendment in the nature of a substitute) (FLETCHER): Does not cure these fundamental errors, and can not therefore be commended. It was compounded as a compromise. It includes, however:

(a) Provisions that farm-loan associations may federate and support their federation out of association funds.

(b) Also a provision that "any officer or employee of a Federal land bank who shall attempt to affect the result of a general election other than by his own vote shall be punished by a fine of \$5,000 or by imprisonment not exceeding five years, or both." This may be remarked as the result of political abuses already discernible in the system.

FLETCHER himself protests the principles involved in this bill. "To place their control (the banks') in the hands of the Secretary of the Treasury would be contrary to every fundamental principle on which the system is founded. It would mean the destruction of the cooperative features provided for in the act. It gives one official power of life and death over any bank and the entire system."

Since subjugation of the board has been accomplished through the new appointments it is possible that neither of these bills will reappear.

H. R. 860. A bill permitting the farm loan board to make loans through agents appointed by the board where associations have not been formed or fail properly to serve the needs of the territory is unqualifiedly bad. This bill testifies to the fact that hope of eliminating or superseding associations still lives. (HASTINGS.)

H. R. 9269 passed the House and was pending in the Senate with favorable report when the session closed. It provided:

That every secretary-treasurer of a farm-loan association must be approved by the district land bank board; that the board could adjust compensation of secretaries; and altered (immaterially) the size of the association's board of directors.

This is the important current version of the attempt of political appointees to get rid of "interference" from secretaries—usually stockholders—who do not act with complete subservience to the land bank and Federal boards. Defeated in securing direct agents, finding it probable that the cooperative features of the law will be protected by this proposal, the banks would nevertheless, by the power of vote of association action, gain long-desired control.

While power of vote of any secretary is not so direct as power of appointment, since there is no possibility of associations compelling a reconsideration of a veto, this bill would in effect add 4,600 more paid places to the political patronage of the farm-loan system. Banks could remunerate secretaries as they saw fit, causing the resignation of men of whom they disapproved or rewarding men who served the interests of the political appointees.

If the Ashurst bill or some other restoring control of the land-bank boards to stockholders were to be passed, the sting would be taken out of this bill, although even then the power to adjust compensation would scarcely be needed.

It is probable that this bill, proposed by Representative STEVENSON, of South Carolina, may be revived. STEVENSON was also the inventor, it is said, of the 50-50 plan which deprived stockholders of their rights under the amendments of 1923.

H. R. 7485: Provides for the establishment of further branch land banks; and also that the rate charged to borrowers may be $1\frac{1}{2}$ per cent in excess of the rate borne by the last preceding issue of farm-loan bonds.

The first provision certainly means increased places to be used as patronage and increased overhead.

The second is a raise of 50 per cent in the amount that the land banks may have to spend for salaries, expenses, commissions on bond sale, etc. The law now reads that the interest rate may not exceed 1 per cent—as against $1\frac{1}{2}$ per cent proposed—the rate on the face of the bonds.

H. R. 17402, identical with S. 5832. Provides for the establishment of a Federal investment-bank system to be officered by the Federal land bank officers. These banks are to act as fiscal agents of the United States Government and have power to borrow money, issue and sell debentures, and to buy State and local bonds, issued for the purpose of draining, irrigating, or protecting from overflow land suitable for agriculture.

This investment corporation would be capitalized by the United States to the extent of sixty millions; earnings, if any, revert to the Treasury. Tax exemption is granted.

The proposal is, briefly, that the Government shall help finance local and State improvements by purchasing their securities. From the standpoint of the Federal land banks it is clear that the management of Federal investment banks, in addition to intermediates, would still further clog the small neck of the huge farm-loan bottle. Stockholders in the Federal banks would scarcely find essential mortgage service improved by an added diversion of attention of its board and executives to a new business for which their qualifications are uncertain. This proposal should stand on its own feet, not lean on the overburdened farmers' banks and complicate their administration.

NEW BILLS

Two proposals, the details of which are not yet known, are promised:

(1) The cooperative banking bill by Brookhart, by which the Federal Farm Loan Board, the land banks, and the intermediates are recognized as parts of a reserve system for agriculture, as national banks and the Federal reserve are the primary system for commerce. This measure will doubtless have much to commend it.

(2) A revision of the farm loan act at the hands of the Treasury and, possibly, the Federal Farm Loan Board, is indicated in Mellon's annual Treasury report for 1926. If this bill comes out, it should be closely scrutinized for provisions similar to provisions of the Stevenson amendment, H. R. 9286, the McLean-McFadden bill of last session—if that is not reintroduced—(S. 4944), the McFadden bill, H. R. 7485, and every section should be carefully analyzed. Many things may be done "to tighten up screws" in the system which will prevent stockholders from ever enjoying the best part of the great gift provided by Congress, self-management of their own land-credit system.

EXHIBIT

Government Land Settlement in Foreign Countries

[Compiled by Prof. W. W. Long, Clemson Agricultural College, Clemson, S. C., and used in connection with his address on the need of community organization before the conference on reclamation and land settlement, December 14, 1925]

Countries	Rate of interest	Time given to pay for land or for repaying loan
	Per cent	Years
Denmark.....	3-4	65
Italy.....	2.5	50
Holland.....	4.7	
Norway.....	(1)	
Hungary.....	4	50
Austria.....	4-4.5	54½
Russia.....	4.5	55½
Germany.....	3.5-4	56½
France.....	4-4.5	75
England.....	4	50
Ireland.....	3.5	68
Belgium.....	4.5	30
Switzerland.....	4.5	57
New Zealand.....	4	36½
Victoria, Australia.....	4.5	36½
New South Wales.....	3-5	30-40
Other Australian States.....	4-5	30-40
British and German South Africa.....	4	
Chile.....	4	33
Argentina.....	4	
British Columbia.....	(2)	30½

¹ 3.5 to buy land and 4 to owners.

² Principal and interest.

³ 1 per cent more than the interest on State bonds; 5 per cent at present.

AMENDMENT OF TRANSPORTATION ACT OF 1920

Mr. COPELAND. Mr. President, yesterday the Senate passed Senate bill 3723, a bill to which I had intended to offer an amendment. I give notice now of a motion to reconsider the vote by which that bill was passed, and I move that the House be requested to return it. I have told the Senator from Maryland [Mr. BRUCE] that I shall not stand on technicalities, but will deal with the matter promptly when the bill comes back.

Mr. BRUCE. Mr. President, there is no possible objection, but I would like to have the motion for reconsideration taken up at the earliest possible time. The bill was unanimously passed after being unanimously approved in the committee, and while I have no objection at all to the request of the Senator to make his motion for a reconsideration I would like to have it come up at as early a date as possible because it is getting late in the session and the bill will have to go to the House for action upon it there.

Mr. COPELAND. Would it be proper for me to offer my amendments to the bill at this time?

The PRESIDING OFFICER. The present occupant of the chair understands the Senator from New York is now offering a motion to recall the bill.

Mr. BRUCE. If there is no objection, I would like to have the motion taken up right now and disposed of, if possible, by unanimous consent.

The PRESIDING OFFICER. The bill must first be returned to the Senate from the House before the motion can be considered. All that can be done further at this time is to enter a motion to reconsider, which has been entered.

Mr. BRUCE. That is true, undoubtedly.

Mr. COPELAND. I move that the House be requested to return the bill to the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

ERADICATION OF PINK BOLLWORM AND CORN BORER

Mr. KING. Mr. President, yesterday the Senate passed Senate Joint Resolution 129, providing for the eradication of the pink bollworm, and House bill 12632, providing for the eradication or control of the European corn borer. In my opinion those measures need some further consideration in order to protect the Government and to adopt some policy that will not be a very dangerous precedent. I therefore desire to enter a motion to reconsider the votes by which each of those measures was passed.

The PRESIDING OFFICER. The RECORD will show that the motion has been made. Does the Senator desire to have the measures recalled?

Mr. KING. I move that those two measures be recalled from the House.

The motion was agreed to.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. HATTINGAN, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 2126) to provide for compensation of Ona Harrington for injuries received in an airplane accident, and it was signed by the Vice President.

NAVAL APPROPRIATIONS

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 12286) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1929, and for other purposes, the pending question being on the amendment of Mr. BLAINE, as modified.

Mr. HEFLIN. Mr. President, I would like to inquire just what is the parliamentary status of the Blaine amendment. My understanding is that the Senator from Nevada [Mr. PITTMAN] has offered an amendment to the Blaine amendment, which is now pending, and that the Senator from Tennessee [Mr. McKELLAR] has offered a substitute for the whole amendment as amended.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The first question will be on the substitute offered by the Senator from Tennessee. After that is disposed of the question will recur on the adoption of the amendment offered by the Senator from Nevada to the amendment of the Senator from Wisconsin.

Mr. HEFLIN. Does the amendment of the Senator from Tennessee cover the whole proposition as a substitute for the Blaine amendment and the Pittman amendment?

The PRESIDING OFFICER. It is a substitute for the entire subject matter, in the opinion of the present occupant of the chair.

Mr. HEFLIN. Then I will wait until a vote is had on the amendment offered by the Senator from Tennessee before I offer an amendment to the other proposition.

Mr. EDGE. Let the amendment offered by the Senator from Tennessee be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 53, after line 17, insert:

Provided, That no part of the appropriations made in this act shall be used for the purpose of maintaining marines or troops in the Republic of Nicaragua on and after February 1, 1929, unless specifically authorized by the Congress: And provided further, That the restrictions here imposed shall not apply if the President shall land troops temporarily for the protection of lives and property under international law or the Monroe doctrine.

Mr. WALSH of Massachusetts. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Edge	Keyes	Schall
Barkley	Edwards	King	Sheppard
Bayard	Fess	La Follette	Shortridge
Bingham	Fletcher	Locher	Simmons
Black	Frazier	McKellar	Smith
Blaine	George	McMaster	Smoot
Blease	Gerry	McNary	Steck
Borah	Gillett	Mayfield	Stephens
Bratton	Goff	Metcalf	Swanson
Brookhart	Gooding	Moses	Thomas
Broussard	Gould	Norbeck	Tydings
Bruce	Greene	Norris	Tyson
Capper	Hale	Nye	Wagner
Caraway	Harris	Oddie	Walsh, Mass.
Copeland	Hawes	Overman	Walsh, Mont.
Couzens	Hayden	Phipps	Warren
Curtis	Heflin	Pittman	Waterman
Cutting	Howell	Ransdell	Wheeler
Dale	Johnson	Reed, Pa.	
Deneen	Jones	Robinson, Ind.	
Dill	Kendrick	Sackett	

The VICE PRESIDENT. Eighty-one Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. BLAINE], as modified.

Mr. McKELLAR. Mr. President, the Senator from Wisconsin [Mr. BLAINE] introduced the first amendment which was offered by anyone, and the amendment which I offered has been proposed as a substitute for his amendment. I think probably the amendment of the Senator from Wisconsin ought to be voted on first. I ask unanimous consent to withdraw my amendment, in the nature of a substitute, with the understanding that I may offer it immediately after the Blaine amendment is voted on, unless it should be adopted.

The VICE PRESIDENT. Without objection, the amendment in the nature of a substitute submitted by the Senator from Tennessee is withdrawn. The question is on agreeing to the amendment submitted by the Senator from Wisconsin [Mr. BLAINE], as modified.

Mr. NORRIS. Mr. President, I offer the substitute which I have heretofore submitted in order that it might be printed.

The VICE PRESIDENT. The clerk will read the proposed substitute.

The CHIEF CLERK. On page 53, after line 17, insert the following:

Provided, That after February 1, 1929, none of the appropriations made in this act shall be used in Nicaragua to pay any expenses incurred in connection with acts of hostility against that nation, or any belligerent intervention in the affairs of that nation, or any intervention in the domestic affairs of that nation, unless war has been declared by Congress: Provided further, That such limitation shall not apply in the case of actual physical attacks upon American citizens or their property, or the immediate danger of such attacks, at any time, when the forces of the United States may be used by the President for strictly protective purposes without the consent of Congress, and appropriations may be used to pay the expenses of such protective action.

The words "acts of hostility" and the words "belligerent intervention" shall include within their meaning the employment of coercion or force in the collection of any pecuniary claim or any claim or right to any grant or concession for or on behalf of any private citizen, copartnership, or corporation of the United States against the Government of Nicaragua, either upon the initiation of the Government of the United States or upon the invitation of any official or other person claiming to be an official of Nicaragua.

Mr. BLAINE. Mr. President, if it is within the rule, I desire to announce that I will accept the substitute proposed by the Senator from Nebraska for the amendment offered by myself.

Mr. BORAH. Mr. President, what is the effect of the acceptance? Does that make the amendment of the Senator from Nebraska the pending question before the Senate?

The VICE PRESIDENT. It does. The amendment of the Senator from Nebraska is, of course, open to amendment.

Mr. BORAH. Mr. President, so far as the principle stated in the amendment is involved, I have no objection to offer; but I am unable to escape the conclusion that by reason of this being an amendment to an appropriation bill we evidently would make the Comptroller General the determining judge of how this policy and this law should be executed. I have investigated the matter, based upon the practice obtaining with reference to such questions, and undoubtedly the President would be compelled to make his showing to the Comptroller General before he could execute this policy. Under those circumstances, I shall vote against the amendment. I am not willing to make the President's power to protect life and property of our citizens dependent upon his being able to satisfy the Comptroller General of the necessity of his doing so.

Mr. NORRIS. Mr. President, I stated a while ago, when there were only a few Senators present, what I wish now to restate in a brief way.

The argument made by the Senator from Idaho has, in substance, been also made by several other Senators. However, I call attention to the proposition, and it seems to me we can not escape from it, that any danger of running up against the Comptroller General exists now just as it would exist if my amendment were agreed to. If we agree to the amendment, the only way in which the Comptroller General could interfere would be to say, "The President has not the power in that limitation on the appropriation bill; in other words, the President has used the Army or the marines or the Navy in Nicaragua contrary to that limitation, and, therefore, I shall refuse to approve this expense, whatever it may be."

On the other hand, suppose we do not adopt this limitation, suppose we say nothing, then the Comptroller General can say, when any item of expenses comes from Nicaragua under the existing conditions, "The President has violated the Constitution of the United States when he incurred these expenses. The President has not complied with the law of Congress. There is no law that gives him permission to do this. What he has done is contrary to international law, and, therefore, I decline to approve it." I can not myself understand that that particular proposition has anything to do with the matter. It exists to the same extent now that it would exist if the amendment were adopted. I do not conceive that the Comptroller General will do anything of this kind, either under existing law or if the amendment is adopted. He will not question the discretion exercised by the President of the United States, without any doubt.

Mr. BROUSSARD. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. BROUSSARD. Who will inform the Comptroller General of the condition existing in Nicaragua?

Mr. NORRIS. Who informs the Comptroller General now of what exists in Nicaragua?

Mr. BROUSSARD. I do not think he has any information at all.

Mr. NORRIS. He probably has not and may never have any more.

Mr. BROUSSARD. That is the very question which arises. Mr. LA FOLLETTE. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. Certainly.

Mr. LA FOLLETTE. I will state that it is my information that the Comptroller General has passed upon the question in an order which he issued on the 15th of September last. In a ruling then issued he passed upon the field allowances of officers engaged in the Nicaraguan expedition, and approved them upon the ground that our forces were in a state of war with Nicaragua.

Mr. NORRIS. I did not know of that decision, but I am very glad to know that the Comptroller General agrees with me in what I have labored so hard to convince the Senate was the condition down there.

Mr. CARAWAY. Perhaps he knows war when he sees it.

Mr. LA FOLLETTE. I merely offer that in vindication of the statement made by the Senator from Nebraska, to the effect that the Comptroller General is forced now to pass upon this question indirectly.

Mr. NORRIS. The principal point I want to make is that, while this is liable to come before the Comptroller General, the adoption of the amendment, as far as I am able to see, does not have anything to do with it. It does not change the condition a particle as far as its liability to come before the Comptroller General is concerned.

Mr. BORAH. Mr. President, the amendment provides:

That after February 1, 1929, none of the appropriations made in this act shall be used in Nicaragua to pay any expenses incurred in connection with acts of hostility against that nation, or any belligerent intervention in the affairs of that nation.

Now, who is to determine whether they are acts of hostility?

The amendment lays down a specific rule, makes a specific condition upon which the appropriation may be utilized. It calls specifically upon the Comptroller General to determine in each particular instance whether the particular conditions specified in the amendment exist. Before the President could act he would undoubtedly, under this provision, have to make a showing to the Comptroller General as to whether the specific facts existing here were in existence at the time he was proposing to utilize the troops.

Mr. NORRIS. Why would he not have to do that now? Would not the President have to go to the Comptroller General if that theory is right and show now affirmatively, which we all know he has not done?

Mr. BORAH. The difference is that there is no specific rule now naming specific conditions upon which appropriations may be used. The President acts under the general authority which he has under the Constitution of the United States to do these things; but here we specifically provide that the appropriation is not available until certain conditions which we name herein are found to exist. This appropriation can not be used except upon certain conditions and those conditions must be determined under this amendment by the Comptroller General.

Mr. NORRIS. Mr. President, the Senator from Idaho says that under existing conditions at the present time the President acts under authority that he now has to use the Army or the Navy. What is to hinder the Comptroller General from saying, "Under the law as it stands now you have no authority to use the Army or the Navy or the marines for this purpose"? In my judgment, the President has not such authority. I suppose, from what the Senator from Wisconsin [Mr. LA FOLLETTE] said, the Comptroller General thought that and had to construe that a condition of war does exist in order to give him the authority.

The President has not gotten any authority from Congress directly, and he can not do anything contrary to law. There must be law under which he acts, whether it is statutory law, international law, or the common law. He must have some law or he can not send his troops down to Nicaragua. He goes on the theory that he is acting under the law right now. But suppose the Comptroller General says, "You are wrong about that. There is no such law that permits you to do it." He could hold him up now just as he could then.

Mr. PITTMAN. Mr. President, there is nothing to take place under the terms of the pending amendment until after the 1st of February next. By that time the election in Nicaragua will

have taken place. By that time the new government will have been inaugurated. After February 1 we will assume that there will be some marines in Nicaragua. The question arises, Why are they there? The Comptroller General says, "Why should I authorize the payment of expenses for marines in Nicaragua after the 1st day of February?" The President would reply, "I am keeping a certain number of marines at certain points because I believe there is danger of attacks upon our citizens." Would not that be a sufficient answer? It would be a complete answer, because the amendment itself provides that there is no limitation on the appropriation in such a case.

Mr. BORAH. Does the Senator admit that the President would have to make that showing to the Comptroller General?

Mr. PITTMAN. He would have to make that showing then just as much as he would now, if the Comptroller General insisted.

Mr. BORAH. But does the Senator admit that under the pending amendment he would have to make a showing that the facts exist which justify the expenditure of the appropriation?

Mr. PITTMAN. Certainly not. As I said the other day, the President of the United States would not pay any attention to a question about the constitutional authority. The Comptroller General would not ask it. The Comptroller General, however, has just as much right to-day to inquire as to the facts in determining whether or not he is going to approve an act as legal as he would have after this amendment is agreed to.

Mr. SWANSON. Mr. President, will the Senator yield?

Mr. PITTMAN. Just a second.

This amendment has not anything on earth to do with the Comptroller General. As a matter of fact, you ask what is going to happen after February 1. Nothing is going to happen before that, because there is no limitation on the appropriation prior to that. One of two things is going to happen after February 1. Either the President is going to take the marines out of there, or else he is going to leave them in there. He should not leave them in there unless there is danger of attack upon our citizens. If there is danger of attack upon our citizens he has the constitutional right, irrespective of any amendment, to keep them there; and all that we have done in this proposition is to reaffirm his constitutional right, and say that no limitation shall be placed on it. There is but one excuse after February 1 to keep troops there, and that is the constitutional right he has, and the constitutional right is set up in this very amendment. If he keeps them there after February 1 under his constitutional right to protect American citizens against the danger of an attack, there is no question under any law or under this amendment that can be raised against it.

Mr. SWANSON. Mr. President—

Mr. BORAH. I yield to the Senator.

Mr. SWANSON. If the Senator will permit me a minute, the difference between the condition that would arise if this amendment should be adopted and the condition to-day is this:

We appropriate money for the marines. We appropriate money for the Navy. The only proof that the Navy Department has to make to get this money is that it is used for the marines or for the Navy. If we put this limitation on the marines or on the Navy, further proof will have to be furnished according to the limitations and conditions here imposed. It really makes the Comptroller General pass specifically and clearly on the facts as to whether this money is not spent for the marines, not spent for the Navy—they can not change from the marines to the Navy—but whether it is used for the purposes outlined in the limitation. There can be no doubt about that.

We had this thing all during the war, limitations sought to be put on; and I contended all the time that the foreign policy of this country ought to be settled by the Foreign Relations Committee in the regular way.

When you try to enforce a policy by a limitation on the use of money for certain purposes, you make the Comptroller General the arbiter of your foreign policies, as to whether the limitation is complied with.

If this amendment does not go on the bill, it will be necessary to prove that the money is spent for the marines or for the Navy or for the navy yards, and that is all; but if this limitation is put on, the Comptroller General must determine, and he alone, as to whether the limitations are complied with.

Mr. WHEELER. Mr. President, if I understand correctly the arguments made by the Senator from Virginia and the Senator from Idaho, both of them have stated that they felt that the President of the United States had exceeded his constitutional power in having the marines supervise the election that is about to take place in Nicaragua. I challenge my friend

from Virginia to point out any provision in the Constitution of the United States that gives the President of the United States any authority whatsoever to supervise an election down in Nicaragua. He has no more right to supervise that election than he has a right to supervise an election in Ireland or in China or in Russia or in any other country.

If the President has exceeded his constitutional power, then it seems to me it is not only the right but it is the duty of the Comptroller General at the present time to hold up the approval of the expenditure of money in that manner.

This amendment simply reiterates the President's constitutional power. If he is exceeding it here, then, of course, they should not go ahead and pay out the money for the marines if he keeps them there after February 1 in violation of the provisions of this law, which they themselves say is the same as the constitutional power.

It seems to me that the arguments presented by both of these distinguished Senators do not carry out the idea that they would seem to convey to the Senate; that they do not want the Comptroller General to direct the foreign policy of the United States.

I sincerely hope that the amendment will be agreed to. Frankly, I do not like the idea of bringing up the Nicaraguan matter in this manner; but, as I said the other day, this is the first time that any of the Members of the Senate have had a chance to vote upon any question that had to do with Nicaraguan matters. Resolutions have been introduced and referred to the Foreign Relations Committee asking for an investigation of Nicaraguan affairs; and while the Senator from Virginia says that investigation has been had, the fact of the matter is that the resolutions that were introduced and sent to the Committee on Foreign Relations were never reported out of the committee; never brought back for discussion upon the floor; and the only investigation that was made concerning the matter, as I understand—I may be wrong about it—was that some of the naval officers or the marine officers were called before the committee.

I submit that the President of the United States, in sending the marines to Nicaragua and in making an agreement to supervise the election, exceeded his authority in both instances. It has been stated upon the floor of the Senate, I think by the Senator from Virginia [Mr. SWANSON] as well as the Senator from Idaho [Mr. BORAH], if I recall his statement correctly, that in their judgment the lives of no Americans were in danger down there, and likewise that no American property was in danger down there at the time that they were sent in there.

Last summer, while I was in the Orient, I happened to meet a former general who was, I think, one of the first ones to be sent into Nicaragua, and he told me this rather amusing story. I shall withhold his name for obvious reasons, but he said:

When we first went down to Nicaragua, we went down there because of the fact that the La Luz y Los Angeles Mining Co. wanted certain concessions from the government that was then in power. They were unable to get them, and for that reason the La Luz y Los Angeles Mining Co.—

Which was a Pittsburgh concern, and for which ex-Secretary Knox was attorney—

started a revolution. The marines were sent down there, and they wanted to prevent the army of the Government from wiping out the revolutionists, so they wanted to get the marines into the interior. They did not have any excuse to get the marines into the interior, because of the fact that there were no white men and no American property in the interior where they wanted to get them. So they picked up a beach comber, and they took this beach comber into the interior and set him down there, and then took the marines in there for the purpose of protecting this beach comber, and then notified the regular army of the Government and said to them, "You can not shoot in this direction, because if you do here is an American life, and you might accidentally hit him."

He said:

So the Government's army, the regular army, moved around to another place and started to come down toward the La Luz y Los Angeles mining property; and they again moved the beach comber and said, "Now, you can not shoot in this direction, because if you do you might hit this American who is over here."

So he said that they just constantly took this beach comber and moved him around from place to place until the regular army threw up their hands, and the revolution became successful because of the fact that they were unable to compete with the marines and the movements of this beach comber.

That, if you please, was the starting of our movements down there in Nicaragua.

Mr. SHORTTRIDGE. Mr. President, may I ask the Senator a question?

Mr. WHEELER. Yes.

Mr. SHORTTRIDGE. Does the Senator believe that fairy story?

Mr. WHEELER. I not only believe it, but it was told to me by a very responsible citizen who is at the present time connected with the Army of the United States, and I have not any reason in the world to doubt his honesty or his sincerity.

Mr. BORAH. Mr. President, the Senator will not object to giving his name to the Committee on Foreign Relations?

Mr. WHEELER. I shall be very glad to give it to them, and I will say to you that I am quite sure that if you ask for him he would be very glad, indeed, to come before your committee and testify to what took place.

That was the beginning of our movements in Nicaragua; and from that time on we have had the marines in there, off and on, from that day to this. Our whole relations in connection with Nicaragua, in my judgment, have been a disgrace to the United States of America; and the idea of sending somebody down into Nicaragua to supervise an election seems to me preposterous. As somebody has very well said, if we are going to use the marines to supervise elections we should have sent them out to Chicago and had them supervise the last election out there, or we should have even sent them up to Philadelphia and had them supervise the election in the last senatorial race in that great State. We ought to take the beam out of our own eye before we go down and say that these people down here in this little country of Nicaragua are not capable of ruling themselves.

For my part, I want to say that I think the Senate of the United States ought to go on record here and now and say to the country that we do not approve of the actions of the administration in sending marines down there and keeping them there for the purpose of supervising an election, or for chasing down bandits. If we are going to have them chase down bandits, let us have them go out and chase down the bandits out in the city of Chicago.

We have just as much right, I repeat, notwithstanding the statements made on the floor of the Senate, to send them into Ireland, we have just as much right to send them into Germany; we have just as much right to send them into France or Italy as we have to send them into Nicaragua; and I challenge anybody on the floor of the Senate to point out where there is a provision in the Constitution of the United States or the laws of the United States or any treaty of the United States that gives us a right to send them down there.

Mr. BROUSSARD. Mr. President, the Senate has found it necessary to organize proper committees in order to consider in an orderly way the business that is presented before this body. If the President of the United States has violated the Constitution in Nicaragua, this matter should be referred to the Judiciary Committee. On the other hand, we have another committee—the Foreign Relations Committee—to which this very matter was referred. The committee has not refused to act on this matter, but has reported unfavorably a bill which is now on the calendar, so that those who wish to find a pretext for violating the rules of another committee are not correctly stating the facts of the situation. Anybody may at any time ask that this bill which is now on the calendar be taken up.

Some people claim that this is the only way of expressing the wishes and the will of the Senate in this matter. I wish to make this inquiry, because, although I have not attended all of the discussion, I have not heard anybody refer to this particular phase of it:

We know that the officers of the Marine Corps are not in position to consult the Comptroller General when they have orders to go to Nicaragua or to go elsewhere. They must obey these orders. If the Judiciary Committee has failed to function, as some people seem to charge, or if the Foreign Relations Committee has functioned improperly, why should the Marine Corps be called upon to disregard orders and to consult the Comptroller General before they go? Who is to be punished if they are sent there and subsequently the Comptroller General rules that it was in violation of this amendment? These people would be deprived of their pay.

Let us deal with this proposition as we should, discuss it and take it up in its proper place, and not impose it upon this appropriation bill. I do not think we can get satisfactory results in that way. We ought to be advised by the Judiciary Committee on the constitutional question, and we ought to be advised by the Foreign Relations Committee as to these conditions, rather than to refer them in the future to the Comptroller General.

Mr. HEFLIN. Mr. President, I ask to have read as part of my remarks the joint resolution which I send to the desk.

The VICE PRESIDENT. Without objection, the joint resolution will be read.

The Chief Clerk read Senate Joint Resolution 127, introduced by Mr. HEFLIN on April 9 (calendar day, April 12), 1928, as follows:

Senate joint resolution (S. J. Res. 127) requesting the President to withdraw from Nicaragua the armed forces of the United States or obtain authority from Congress to keep them there

Whereas the Government of the United States is founded upon the principle of self-government; and

Whereas it is incumbent upon the constituted authorities of the United States to recognize and respect at all times the right of self-government in other nations; and

Whereas the sending of armed forces of the United States into a neighboring Republic for the purpose of overthrowing a government resulting from the expressed will of the people is wrong, inexcusable, and indefensible; and

Whereas American marines have been in Nicaragua, under the direction of the President, for more than a year, and have engaged in war with natives of Nicaragua, killing citizens of that Republic and having some of their own number killed by Nicaraguan natives; and

Whereas the sending of armed forces into Nicaragua to protect and defend Diaz, the impostor and usurper, and hold him, against the will of the people, in the office of President, to which he was never elected, is an act of imperialistic tyranny, and in injustice to the natives of Nicaragua, who love the principles of self-government well enough to fight and die for them; and

Whereas the Constitution of the United States provides that Congress and Congress alone shall declare war: Therefore be it

Resolved, etc., That the President is hereby requested either immediately to withdraw from Nicaragua the armed forces of the United States or to obtain authority from the Congress to keep them there.

Mr. HEFLIN. Mr. President, I wanted that resolution of mine to appear in the proceedings at this time. I want to say to the able Senator from Louisiana that I have had a resolution pending in the Foreign Relations Committee for many weeks. The committee finally reported it adversely, but the opposition has prevented action upon it by the Senate. I introduced this other resolution, the one just read, later, and no action has been taken upon it by the committee.

Senators, this is a very important matter; this is a history-making period with this body and with the Senators who are participating in this particular discussion. We are face to face with the question as to whether or not we are going to insist upon the right of Congress to declare war. The Constitution positively declares that Congress and Congress alone can declare war. We are face to face with the question as to whether or not we are going to surrender and turn over this constitutional authority to the Chief Executive of the Nation. Senators who are familiar with the history of the governments that have perished know how they went to their death.

The chief executive, the monarch, king, the single head, has taken unto himself every other power he could possibly take. The people's representatives, under one influence and another, have surrendered their powers to him, until finally there is a one-man power, and then the representatives of the people became mere figureheads and rubber stamps; and I regret to say that this country has entered upon that same dangerous and deadly rôle.

We find the Senate divided to-day as to whether or not we are going to throw safeguards around the lives of American boys, and protect them against such useless slaughter as has been going on in Nicaragua, where they have been sent to follow people who slipped out of the United States, who have given up their citizenship, no doubt, many of them, and intend to live in Nicaragua always. They have gone abroad with money they made in the United States and invested it in hazardous situations in Nicaragua.

The people in that country have a right to have a revolution if they want it, and they have been having one. Jefferson laid it down as a fundamental principle that the people have a right to overturn the form of government under which they live and set up another if they want to, and our soldiers have gone down there following these reckless globe-trotters and adventurers, who have gone into Nicaragua and set up business amongst dangerous surroundings.

I get the impression, I can not escape it, that some people are moved more by their desire to protect the financial interests of just such adventurers than they are to protect the lives of these American boys already down there, and those back at home who are liable to be called at any moment to go there.

Senators, Lincoln laid down a great principle when he said, "I put the man above the dollar." We are reversing that doctrine to-day; we are putting the dollar above the man. Some seem to be asking what matters it if these boys are killed? They are protecting some man who, perhaps, has acquired a

gold mine in Nicaragua under very questionable circumstances, and who may be holding it by the strong arm of the military power of the United States. What do we care about that? We have not time to investigate those things.

The dollar of the American imperialist has been carried on down the imperialistic road, and we are told that the flag must be carried to it and the boys must go to it, and if they must make that highway run red with their blood, what of it? That if they leave their bones along that road to bleach in the sun, what difference does it make?

As Frank Stanton, of Georgia, said:

What care we for wrongs and crimes,
Its dimes and dollars, dollars and dimes.

Has the Senate surrendered and expressed to the imperialists its willingness to enter upon this imperialistic road? Is the Congress, which Jefferson thought would be in an hour like this the saving power of the Nation, now to be sidetracked, surrender its power, or yield to the usurpation of its power, and say, "We do not want to offend the President or to ruffle his feelings. We should not let the Constitution stand between us and the discharge of our partisan obligations to him."

Senators, we have reached a critical point on this question in this country. The position taken by some Senators in this debate has shocked and astounded me. Senators who ought to be standing here fighting to protect these American boys in their right to live are talking about not interfering with the President's power. I would not interfere with his rights and powers, and I am not doing so. I take the position to-day, and I am ready to debate the question with any Senator here, or anybody elsewhere, that the President is overleaping the bounds fixed by the Constitution, is violating the Constitution when he keeps the armed forces of the United States in Nicaragua, engaging in warfare for more than a year, without ever consulting Congress, and asking its authority or consent to keep them there.

What objection have Senators to this amendment of mine? Let me read it. It is short. It does not go into the question of whether we shall stay there and hold this election or not. I hold that we have no right to do that. We have not any more right to do it, as the Senator from Montana [Mr. WHEELER] has said, than we have to go into France, or any other country, intrude ourselves upon the people there and hold an election because some interest in that country may form an alliance with some greedy interest in our country, and therefore make a demand upon our country to send troops over there into another foreign country.

This amendment of mine does not say anything about whether the troops are to remain there or not. It does not say anything about whether the policy is right or not. It does not attempt to lay down a plan for the future, as to what the President may do with the marines. Listen to the reading of it:

That none of the appropriations made in this act shall be used to pay any expenses incurred in connection with acts of hostility by United States marines in Nicaragua unless and until the President shall obtain from Congress consent to keep them there.

Senators, what excuse are you going to give to the sovereign power back of you, the voting power of your States, the fathers and mothers of these boys, when they ask you why you were not willing to vote to call upon the President to come to the Congress and the country and tell the Congress why he wanted to keep these marines down yonder, and ask Congress to give him its consent to keep them there?

I have stated before that President Wilson did such a thing; he sent the troops to Tampico and to Vera Cruz, but he asked Congress to approve his course and Congress did so. If Mr. Coolidge has a good, sound reason for keeping the marines in Nicaragua, I dare say Congress would grant its consent for him to do so. Then, what harm can arise from having him come, as the head of the Nation, and consult with the law-making body of the Nation, the war-declaring power of the Nation, and getting its consent that he may keep the marines there? It would show a proper appreciation of the separate and distinct rights and powers of Congress. It would strengthen the President's position; it would satisfy everybody. If Congress should agree with the President, the people generally would say, "Oh, well, Congress has given him its consent, and I guess it is all right to stay down there until after the election."

If Congress should fail to give its consent to keep the marines in Nicaragua any longer under the circumstances, it would show that Congress had the patriotism, the intelligence, and the

courage to hold Congress and the President true to the Constitution of the United States.

Is Congress to be condemned for seeking to obey the Constitution? Here is the attitude some Senators are about to assume, it seems to me, that you are not willing to meet that question, or that you are going to vote for the mildest measure possible that will say, "He can stay there until after the election," and by such action commit Congress to the proposition that it is all right to go into foreign countries with our armed forces and hold elections there.

In voting for my amendment Senators would not have to go on record on that proposition. In voting for my amendment they would not be embarrassing the President. If it embarrasses the President to ask him to go to the lawmaking body of the Nation and get that body's consent to do a thing that will kill American boys in foreign countries, I am ready to embarrass to that extent any President, whether he is a Democrat or a Republican, because I think we should exhibit more concern for the well-being and safety of the American boy.

I think we are putting too low an estimate upon the rights and lives of American boys when we are ready to hurry them into our ships and send them down to Nicaragua by the thousands, put them into the jungles of Nicaragua, have them die with disease and be killed in war down there, the joint financial interests of certain Americans and Diaz. It is a deplorable situation.

The Senator from New York [Mr. COPELAND] this morning was telling us how sad it was that a man named Marshall, an American, had been killed down there. If that is true I am truly sorry. But frankly I would like to have a couple of days to confirm the report that that man has been killed just at this particular time. Senators will pardon me. I have been up here a few years with some of you who have been here for some time, and I have seen these war-scare dispatches in the papers in Washington when some critical hour struck this Capitol and the law-making body. The first dispatch telling us of new troubles in Nicaragua came yesterday morning. Do Senators recall it. In that hurriedly arranged dispatch Sandino's men had just taken into custody a few guards about a mine, but they had not killed anybody. That dispatch coming in here just before a vote is to be had on the Nicaragua question was too tame, but this morning they "have produced the goods." One man, they tell us now, has been killed.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. HEFLIN. I yield.

Mr. NORRIS. The dispatches yesterday said that this little band of Sandino's bandits had taken 250 men prisoners. Did it occur to the Senator that there must have been quite a band of them to do that?

Mr. HEFLIN. I thank the Senator for calling my attention to that. Two hundred! I did not think Sandino had more than enough men to make a baseball team. Must have more than 3,000 marines down there now.

Senators, let me give you this suggestion: If these marines who have been sent down there by the hundreds and thousands had been guarding that American property, this little bunch of Sandino's schoolboys could not have taken charge of the mine in question. Let us reason together a moment. Does it not look as if our forces kinder withdrew protection from that mine temporarily just at this particular time? Suppose you were trying this case in a court would not somebody ask, "Where were the marines when this American-owned mine was seized? Why had they left this property unprotected? Is not their neglect of duty responsible for this thing?" They would certainly ask those questions. Then why can not we ask them in this Chamber and in the great court of public opinion, and in the name of the fathers and mothers of America, and the boys in Nicaragua, and those who are yet to go down there to be killed, may I not ask, "Where were the marines?" They are down there, and they will be there, we are told, until the election, to guard the property. Where were they when this mine was taken? Had Sandino fooled them and lured them away, or had they drifted away in order to let something startling happen just before a roll call on this question in the Senate of the United States? Those questions would be asked in a court. Why not ask them here?

I told a Senator yesterday morning that I had read that "timely" dispatch from Nicaragua, and I said "the old war-scare artists are on the job." We were to vote the other night, and we got it to go over until the next day and when, no doubt, somebody communicated with them and told them that the vote had not been had and it would be helpful if something of interest and of a startling nature could appear next morning in the Washington papers. So lo and behold the next morning they had this startling statement the Senator from Nebraska told us about, a little bunch of Sandino's boys capturing 200

Americans. Were they Americans? Does the Senator from Nebraska know?

Mr. NORRIS. They were employees of this mining company.

Mr. HEFLIN. Employees of this mining company?

Mr. NORRIS. The Senator is wrong in the number; it was 250.

Mr. HEFLIN. Two hundred and fifty! It gets worse and worse.

So, Mr. President, it was 250 that they took, but no blood had been shed. This morning, however, they tell us that they have found an American who had been killed. I regret that if it is true, but I want to inquire of the Navy Department. It will probably take a couple of days to verify that, and find for certain just what the truth is. But this quick action on the part of the publicity bureau in Nicaragua in speeding these last two dispatches to Washington just preceding a roll call on the Nicaraguan question, and the prompt results produced right here in the papers at the Capital, remind me of what happened with one of our American negroes in France during the World War. They had them in the trenches, and told them to be very quiet. After sitting there for about four hours and hearing no noise, one of these negroes said, "Where is all dese Germans, anyhow? I don't believe there is any of them around. What's de use sittin' here all housed up and quiet like this?"

They told him he had better be quiet, that the Germans were not far away. He said, "Which way is dey?" They said, "Over this way." He said, "I'd just like to look at 'em. I aint never seen one of 'em." They said, "You put your head up above the surface and they will shoot it off." He said, "No, suh, dey couldn't do dat." They said, "They would shoot your hand off." He said, "I don't believe that." They said, "They would shoot your finger off." He said, "I know dey couldn't do dat." "Well," the men said, "hold your finger up there and see." He stuck his finger up and said, "Come on wid your bullets; come on wid your bullets, you Germans." Bing went one of the bullets, and shot his finger off right at the last joint next to his hand. The negro boy snatched it down and said, "They shore do give you quick service, don't dey?" [Laughter.]

So, Mr. President, that Nicaragua publicity bunch sure did give their hard-pressed friends here quick service. We were just about ready to vote, when something exciting and startling comes rolling in upon us from the Diaz régime in Nicaragua. Two hundred and fifty are held up and taken by, I suppose, three or four of Sandino's men, and are taken prisoners, and they are holding them now, depriving them of their liberty, and looting the mine, all just before we vote.

As the able Senator from New York told us this morning about the killing of this American citizen, I thought about those two American boys who were alive six weeks ago, and who were sent from Quantico, Va., down to Nicaragua, and they were sent out in their airplane, flying low, spying around the rocks on the mountain to see if they could find any rebels or bandits, as we call them, and a frightened buzzard flew up, got tangled with the propeller, broke the blades, and the plane fell and killed both of those fine young American boys. I have not seen any tears shed here over them. God bless them and their loved ones. They were sent down there and they lost their lives in a miserable, unholy, and inexcusable war.

What have we done? We have gone down there where four-fifths of the people of Nicaragua were up in arms against a bastard and bandit government? They were whipping them to a frazzle. They were marching against the capital to drive a usurper and imposter out, to put back their representative in the office of chief executive, when this big Government appeared on the scene, with unfurled flag and drawn sword, smiting the natives hip and thigh, and telling them, "Get back, back, back into the mountains. We have come here to protect Diaz and hold him in office." "What! Against the will of four-fifths of the natives?" "Yes"; and they stood guard over him and held him in that position. The people of that nation were burning with righteous resentment and indignation against this great Government, this Christian Government of the western world, for drawing its sword and shedding the blood of and killing patriotic natives who are fighting for self-government.

Then what? Diaz said, "I can not last a day unless the American marines stay here and protect me." He told Congressman DRANE, of Florida, "If you withdraw your armed forces they will drive me from power in 24 hours." This Government was there to hold him in power despite the desire and will of the people of Nicaragua.

Then what? We offered to do a very generous act. We said, "Come up here, you Conservative fellows who are in the Diaz army. Stand there, you little group. Come up here, you Liberals"; and up came the frightened and intimidated Liberals, representing four-fifths of the people. "Now we are

going to disarm both of you and we are going to take charge. We are going to hold the national election."

Then what? Sandino and his followers finally said they would not be bound by such a plan and broke away. Then, when the Congress of Nicaragua found what had happened, what did it do?

The Nicaragua Congress stood with Sandino and four-fifths of the natives against Diaz and his little group of so-called Conservatives and the invaders of the United States. Now, let us inquire: "Mr. Diaz, where is your army?" "Out yonder, far removed from the battle line in places of ease and safety." "Are any of your soldiers in danger?" "Oh, no; not one of them." "Are any of your soldiers dying now to protect this bastard government?" Senators, American boys in a foreign land far from home, are fighting against the will of the natives, against the congress of the country, fighting to protect the property of adventurers, spilling the best blood in America, killing our boys in such an unholy cause, and we can not even get Congress to vote to say that the President shall not continue to have them killed in such an unholy cause unless Congress consents for him to do it.

Senators, I appeal to you in the name of the uncounted American dead already in Nicaragua; and I say "uncounted" because I have tried to find out and I do not know yet how many have been killed down there. I appeal to you in the name of the boys living who may yet go there to fight and relieve the army of Diaz so that the men of Diaz may sit back far removed from danger while our boys are ordered to march out on the battle front, shed their blood and give their lives in violation of the time-honored principles and policies of the United States, setting an example that will haunt this Government in the years to come, and stirring up strife in Central and South American republics that will disturb us and injure us in the days yet to be. I call upon the Senate to forget for a moment the plaint of the dollar of the imperialists and come back to the Constitution, back to our own country, and think for a little while of the American boy who is to be a citizen one day, who is entitled to enjoy his life, liberty, and property as a citizen in a Government which was created for and dedicated to the welfare of the citizens.

Mr. CARAWAY. Mr. President, I am conscious that the Senate is impatient, and I apologize to it for taking a moment of its time.

I had hoped that we might not vote upon this amendment for fear whichever side we might espouse, that we would be misunderstood. I do not believe that the President of the United States is disregarding of the Constitution of the country as he sees it. I do not believe that we are in Nicaragua for mercenary purposes. I do not believe that my country is doing consciously an act which brings it into disrepute.

But, on the other hand, I can not agree that the Constitution grants to the administration, whether it be Democratic or Republican, the right to use armed forces to supervise an election in Nicaragua. Therefore I am compelled to vote for this amendment. In so doing I shall be misunderstood.

I am not unmindful, Mr. President, that the discussion, and the vote which is to follow, may encourage those who are in arms in Nicaragua to continue their opposition to the policy to which we have committed ourselves. I am not unmindful that it may cost the lives of some of the marines who are down there now obeying the mandate of the President of the United States. Therefore, if I may be permitted to say it, without offense, I appealed to Senators on each side of the aisle who are most interested in the matter to reach some kind of an agreement by which we may carry over the discussion, and final vote to determine the policy of the Government, to a period beyond the date of the election in Nicaragua. No such agreement could be arrived at. Unfortunate then as it is, disastrous as it may be, certainly unpleasant as it must be, each of us has to face the situation and declare by his vote what he thinks the constitutional right of the President of the United States to be. We can not limit it; we can not enlarge it. We can merely declare our own views with reference to it. We can declare it effectively, of course, by limitations upon the right to expend money, because he who holds the purse strings can control the Government.

I want to be understood that I am not impugning the motives of anyone on either side of the controversy. I am not impugning the motives of the President of these United States, for let me say here, Mr. President, as a partisan—and I am—that upon occasions when partisanship might be permitted to have some leeway I have criticized the President when I thought he ought to be criticized.

I have never, however, in the Senate sought to hamper him in the discharge of his duties as President of the United States, nor have I ever said about him anything that could be truth-

fully construed as an intimation that I had any doubt of his patriotism. I do not want this vote to be so construed.

Again, I say, I wish we could have escaped the necessity of voting upon these matters at this time, because on whichever side we vote we will be misrepresented. If the amendment be voted down, it will be proclaimed that the Senate of the United States recognizes that the President has the authority of the Constitution and the law for the continuation of the marines in Nicaragua. If the amendment shall prevail, the hostile press will say we have rebuked the administration; that we have declared that we have been engaged in an unlawful enterprise; that the President has been willfully disregarding of constitutional limitations. Therefore, I say, we will be misunderstood whichever way we vote. It is unfortunate that we have to vote. I am compelled, however, to vote my honest conviction. I can find no warrant in the Constitution for the President to supervise an election in Nicaragua, especially where there is no treaty giving us such a right or imposing upon us such an obligation.

I fail to be impressed, however, by the suggestion made that we are compelling the President to submit his foreign policy to a subordinate department of the Government. I do not think any department ought to want to be above the law. I think it is always fortunate when the lines that a department may travel are well marked. The Department of Justice, the War Department, in fact, every department of the Government must finally submit their accounts to this agency which we have created to see that the people's money shall be expended only in accordance with law. I think this one department, though I have never seen the gentleman who presides over it, has been one of our most useful agencies.

I do not think there is any persuasive force in suggesting that the President ought not to be compelled to expend the people's money in accordance with the law and the Constitution. I can not imagine any friend of the Government or any friend of the President of these United States insisting that he ought to be above both the Constitution and the law. To argue that we ought not to make him submit to the agency which we have set up to supervise his expenditures, is to say that we ought not to require him to observe the law or to respect the Constitution. I can not think of a friend of the administration making such an appeal. Therefore I shall vote for the amendment, much as I think the time inopportune.

Mr. BORAH. Mr. President, I am in sympathy with the view expressed by the Senator from Arkansas that, however we may vote upon the pending amendment, that vote will not represent our full views with reference to all the conditions and facts and principles with which we have had to deal. It is impossible by a vote upon a brief amendment to an appropriation bill to express one's views.

Before the vote is taken I desire to give expression to some of the principles which I think are involved. They do not have an immediate bearing upon the amendment, and are not presented for that purpose, but rather as an expression of my view of the principles which ought to obtain in matters of this kind.

First. The Congress alone may declare war—this power is exclusive.

Second. The President is Commander in Chief of the Army and the Navy and enjoys this authority by virtue of the Constitution. He is also directed to faithfully execute the laws of the land. International law is a part of the law of the land.

Third. It is the duty of the Government, when necessity arises, to give protection to life and property of our citizens in foreign countries. The protection to life and property of our citizens in another country does not necessarily constitute war or intervention in the internal affairs of such country.

Fourth. The President is only authorized or justified in employing the armed forces of the United States in foreign countries when actual physical attacks are being made or threatened to the life and property of our nationals or when a condition of lawlessness prevails which endangers life and property. The justification for the exercise of that authority is immediate danger, actual or threatened, and the extent of the authority is protection to such life and property.

Fifth. In case of actual physical attacks upon our citizens or their property, or in case of threatened attacks or great danger thereof, the forces of the United States may be used for protective purposes without the consent of Congress. When, however, the action assumes the aggressive, consisting of taking over the control of territory, to interfere with the affairs of another government, or to engage in conflict with foreign troops, or to determine between two contending forces which is the government, these things can only be constitutionally done under the authorization of Congress.

Sixth. Mr. Cass, as Secretary of State, makes the distinction as follows:

Our naval officers have the right—it is their duty, indeed—to employ the forces under their command not only in self-defense but for the protection of the persons and property of our citizens when exposed to acts of lawless outrage, and this they have done both in China and elsewhere and will do again when necessary. But military expeditions into the Chinese territory can not be undertaken without the authority of the National Legislature.

Seventh. Thomas Jefferson said:

The law of nations makes an integral part of the laws of the land.

Alexander Hamilton said:

The customary law of nations binds the United States.

The Supreme Court of the United States has said:

International law is a part of our laws and must be ascertained and administered by the courts of justice of appropriate jurisdiction.

The President of the United States is charged with the duty of enforcing the laws of the United States. Under international law one nation has the right to use force, if necessary, for the protection of the life and property of its citizens located in another country.

The President is not only therefore justified, but the duty devolves upon him in the enforcement of the law to protect the lives and property of citizens in foreign lands, even if necessary by the employment of armed forces of the United States. But in protecting our citizens in a foreign country the President is limited to defensive acts. Beyond the giving of protection beyond security to life and property of citizens when attacked or threatened he has no power to go without the authority of Congress.

Eighth. In our effort to protect the life and property of our citizens in foreign countries when in danger, that effort should be free from aggression or deliberate interference with the domestic affairs of foreign governments or the people thereof; it should proceed upon a scrupulous regard for the independence and sovereignty and rights of foreign governments and peoples. Our efforts should be that of cooperation and stability, not of aggression and destruction.

Ninth. When our nationals seek investments in foreign countries, or travel abroad, they are under obligation, both by international law and every principle of justice, to submit themselves to the laws, courts, and institutions of that country and abide by and act in accordance with them. And it is only when government itself is unable to function or when such discrimination is practiced or lawlessness prevails as to amount to an attack, or threat of attack, upon life and property that our Government is justified in interference or extending its protection.

Tenth. The assumption of foreign investors that when they go into foreign countries, particularly backward countries, they carry with them as a part of the attributes and rights of citizenship and to be guaranteed and assured to them by their home government, the standards and practices and rules and enlightened principles of their home country, is not only based upon no principle of international law, but is a rank injustice to the taxpayers and citizens who remain at home. The ordinary risks and conditions of those countries they accept when they choose to enter such countries, and with them they must be content so long as they wish to reside or remain in such countries.

Mr. WHEELER. Mr. President, I realize that every Member is anxious to have a vote upon this question; but in view of the fact that the distinguished Senator from Idaho has just quoted from Thomas Jefferson and other illustrious statesmen, I desire to quote from a statesman who I know you will all agree is equally as great as Thomas Jefferson or Alexander Hamilton or Daniel Webster. I am going to read just a few passages from a book entitled "The Monroe Doctrine, an Obsolete Shibboleth," by Professor BINGHAM, in which he states:

Our policy toward the Republics of Central America has undergone a startling development since the beginning of President Roosevelt's administration. In the words of a recent minister to Honduras, our policy has changed "from simple mediation and scrupulous nonintervention, to a policy of active, direct intervention in their internal affairs; and secondly, these interventions have become as startlingly frequent as they have become increasingly embarrassing in character.

"The dangerous trend of such a policy toward an actual intermeddling in the administration of these countries, would seem fairly obvious. Such a result, from every point of view, whether of the United States, of the State immediately affected, or of other Spanish-American States, would be as lamentable as it would appear unnecessary."

Of our armed intervention in Cuba it is scarcely necessary to speak, except to refer in passing to the newspaper story, credited and believed in Cuba, that if American troops are again obliged to intervene in the political life of that country, they will not be withdrawn as has been the practice in the past.

Again, on page 43 the distinguished statesman from Connecticut says:

Personally, I believe that it ought to be an adopted principle of international law that the armed intervention of creditor nations to collect bad debts on behalf of their bankers and bondholders is forbidden. If this principle were clearly understood and accepted, these bankers and underwriters would be far more particular to whom they loaned any great amount of money, and under what conditions. They would not be willing to take the risks which they now take, and many unfortunate financial tangles would never have a beginning. It is natural for a republic which has great undeveloped resources, much optimism, and a disregard of existing human handicaps, to desire to borrow large amounts of money in order to build expensive railroads and carry out desirable public improvements. It is equally natural that capitalists seeking good interest rates and secure investments should depend on the fact that, if the debtor country attempts to default on its national loans, the government of the creditors will intervene with a strong arm. It is natural that the money should be forthcoming, even though a thorough, businesslike, and scientific investigation of the possessions and resources of the borrowing nation might show that the chances of her being able to pay interest, and eventually to return the capital, were highly problematical, and to be reckoned as very high risks.

Millions of dollars of such loans have been made in the past. It is perfectly evident that many of these loans can not be repaid; that the time is coming when the creditor nations will look to us as the policeman, or "elder brother," of the Western Hemisphere, to see to it that the little boys pay for the candy and sweetmeats they have eaten.

Again, Mr. President, he says on page 64:

Surely enough has been said to make it perfectly evident that the leading powers of South America are abundantly able to take care of themselves and are in a position to laugh at the old Monroe doctrine.

If these powers dislike and despise our maintenance of the old Monroe doctrine, it is not difficult to conceive how much more they must resent the new one. The very thought that we, proud in the consciousness of our own self-righteousness, sit here with a smile on our faces and a big stick in our hands, ready to chastise any of the American Republics that do not behave, fairly makes their blood boil. It may be denied that this is our attitude. Grant that it is not; still our neighbors believe that it is, and if we desire to convince them of the contrary, we must definitely and publicly abandon the Monroe doctrine and enunciate a new kind of foreign policy.

The present Monroe doctrine is simply a "petulant and insatiable imperialism," and its development is "a superb, audacious, and mortifying notification to the Latin peoples of the continent" of our strenuous desire either to absorb the small republic or to become the supreme arbiters of their destinies.

Again, the same distinguished statesman, on page 102, says:

At all events, let us face clearly and frankly the fact that the maintenance of the Monroe doctrine is going to cost the United States an immense amount of trouble, money, and men.

As has been repeatedly pointed out in Europe, the Monroe doctrine is as strong as the American Army and Navy, and no stronger.

Carried out to its logical conclusion, it means a policy of suzerainty and interference which will earn us the increasing hatred of our neighbors, the dissatisfaction of Europe, the loss of commercial opportunities, and the forfeiture of time and attention which would much better be given to settling our own difficult internal problems. The continuance of adherence to the Monroe doctrine offers opportunities to scheming statesmen to distract public opinion from the necessity of concentrated attention at home, by arousing mingled feelings of jingoism and self-importance in attempting to correct the errors of our neighbors.

If we persist in maintaining the Monroe doctrine, we shall find that its legitimate, rational, and logical growth will lead us to an increasing number of large expenditures, where American treasure and American blood will be sacrificed in efforts to remove the mote from our neighbor's eye while overlooking the beam in our own.

The character of the people who inhabit the tropical American republics is such, the percentage of Indian blood is so great, the little-understood difficulties of life in those countries are so far-reaching, and the psychological tendencies of the people so different from our own, that opportunities will continually arise which will convince us that our intervention is required if we continue to hold to the tenets of the Monroe doctrine.

It is for us to face the question fairly, and to determine whether it is worth while to continue any longer on a road which leads to such

great expenditures, and which means the loss of international friendships.

It goes on to the same effect.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. WHEELER. Yes, indeed.

Mr. NORRIS. I do not know whether the Senator has been here during all the debate; but, in fairness to the debate which has taken place, which has been of a very high order, I should like to call the attention of the Senator from Montana to the fact that all the argument made in that book, every bit of it, has been completely repudiated and exposed and explained away by the very able speech of the Senator from Connecticut [Mr. BINGHAM] made a few days ago.

Mr. WHEELER. I did not know that he had inserted these paragraphs in the Record; and I felt, in view of the fact that other distinguished statesmen have been quoted here and their views given, that it was only fair to the Senate that we should have the quotations from the distinguished professor from Connecticut.

Mr. NORRIS. The Senator now is reading from Professor BINGHAM?

Mr. WHEELER. Yes.

Mr. NORRIS. I want to call his attention to the fact that Senator BINGHAM has completely overthrown the argument of Professor BINGHAM.

Mr. McKELLAR. Mr. President, will the Senator state what the date of that book is?

Mr. WHEELER. It was when he was a professor. It was first printed August, 1913, 1,500 copies; second printing, October, 1913, 1,000 copies; third printing, February, 1915, 750 copies.

Mr. BORAH. Mr. President, in fairness to the Senator from Connecticut, I think it is perfectly apparent that a Senator's judgment is much superior to the judgment of a professor.

Mr. WHEELER. I think the professor's judgment was much superior to that of the Senator.

Mr. BORAH. The Senator does not mean to say that he is in favor of abandoning the Monroe doctrine?

Mr. WHEELER. Oh, no; I do not go as far now as Professor BINGHAM went then.

Mr. NORRIS. The Senator is on his way.

Mr. WHEELER. I may eventually become as radical as Senator BINGHAM was when he was a professor.

On page 108 he continues:

So widespread and malevolent are the agencies now at work throughout Latin America to prejudice the public against the United States we ought to make every effort to have our real feelings known. Our foreign policy must be clearly formulated. We ought to take one road or the other, either to publicly repudiate this outgrown Monroe doctrine, or else accept the logical consequences and hold ourselves responsible for the maintenance of law and order throughout the Latin American Republics.

On page 110 he states:

If it is necessary to maintain order in some of the weaker and more restless Republics why not let the decision be made, not by ourselves, but by a Congress of leading American powers? If it is found necessary to send armed forces into Central America to quell rebellions that are proving too much for the recognized governments, why not let those forces consist not solely of American marines, but of the marines of Argentina, Brazil, and Chile as well?

So it will be noticed that when the Senator from Connecticut has just returned from a trip through Central and South America he wrote this book absolutely repudiating the Monroe doctrine, stating that it ought to be abandoned entirely; yet I understand to-day that this same distinguished gentleman now takes the position that we not only ought not to abandon the Monroe doctrine but that we ought, as a matter of fact, to send the marines down there into Nicaragua to protect these vicious bankers that he talked about, and their property, and American lives, and that we ought actually to go down there and police their country, and run down bandits for them, and supervise their elections to see to it that their officials really give them a fair election down in that little backward country of Nicaragua.

Mr. President, it has been stated on the floor of the Senate that we owed it to the rest of the countries and to the people of the United States to keep our promises to the country of Nicaragua. I am very anxious indeed to keep the promises that we have made to Nicaragua; but, you know, the trouble is, we have made so many promises to them that I am at a loss to know just which one we ought to keep. I know that some say that it ought to be the last one that we made.

We first made a promise to the people of Nicaragua that when the five-power treaty was ratified we would not recognize anybody who came into power by means of a revolution or a

coup d'état. We went back on that promise. I say "we went back on it"—the Senate of the United States did not go back on it, but the administration and the State Department went back on it, because they deliberately recognized Diaz, who came into power in violation of the five-power treaty. He came in there by means of a coup d'état, and was a part and parcel of Chamorro's coup d'état.

Then, secondly, after we recognized Diaz we sent marines down there, and we said—I say "we said"; the administration said—that we were going to be strictly neutral. Every Member of the Senate remembers when the administration, through the "official spokesman" at the White House, said to the press of the country, "We are sending these troops down there, but they are going to remain absolutely neutral." Then they came out and said, "We are sending them down there because we ought to do it under the Monroe doctrine." Then they said, "We are sending them down there because of the fact that we are going to protect lives and property"; and when they found that there were not any American lives and property in danger, then they said, "We are going down there to protect these men from the onslaughts of bolshevism that are coming on." They did not keep the marines neutral, as they had promised them to, but they went out and declared neutral zones from time to time and from time to time, until they actually made it possible, or attempted to make it possible, for the Diaz régime to win out. When even that was not successful, then they went down there and simply demanded that the Liberals lay down their arms, and said that when they did that they would see to it that they had a fair election.

So I say to you that we first promised them that we would not recognize anybody who came into power by reason of a coup d'état. We violated that promise that we made to those people. There is not a question of a doubt about it. Secondly, we promised them that our marines would be absolutely neutral. We violated that promise that we made to them. So when these distinguished statesmen get up here on the floor of the Senate and say, "We are in duty bound to keep our promises," I should like to see us keep our promises, but I should have liked to see the administration keep the first promise that we made, and then I should have liked to see them, if we did not keep the first one, keep the second one that we made.

I think we owe more to the people of the United States than we owe to the people of any of these Central American countries. I think we owe it to the men and women of this country to see to it that American boys are not sent down into Nicaragua or into any other country for the purpose of chasing bandits. I think we owe it to the mothers of this country to see to it that American boys are not sent down there to be slaughtered just because of the fact that somebody wants to protect some foreign investments down there.

You can vote as you please; but I am going to say to you this afternoon that the American people are going to hold you responsible for the vote that you cast here in the Senate this afternoon. They are going to say to you, as the paper said here the other day, and all the papers are going to say, that when you turn down this amendment you are voting to uphold the administration in sending the marines down to Nicaragua in violation of the Constitution of the United States, and that you are putting your stamp of approval upon American marines going in and supervising elections in foreign countries.

Mr. BINGHAM. Mr. President, I shall take only a moment. I think, in fairness to the author of the book from which the Senator from Montana has so fully and freely quoted, that it ought to be said that the book was written before the Great War, at a time when no one believed such a war was possible, and that as soon as possible after the Great War, the very year after the Army was disbanded, the author of that book wrote an essay on the future of the Monroe doctrine, in which he frankly stated that he had been entirely mistaken.

I ask unanimous consent that that article may be printed in connection with the quotation read by the Senator.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the Record, as follows:

[Reprinted from the Journal of International Relations, vol. 10, No. 4, April, 1920]

THE FUTURE OF THE MONROE DOCTRINE¹

By HIRAM BINGHAM, Litt. D., professor of Latin American History, Yale University

Six years ago I published a little book in which I undertook to show that one of our most popular shibboleths, the Monroe doctrine, had become obsolete. It now becomes my duty to admit that the book was founded upon premises which have turned out to be false.

¹A paper presented before the American Historical Association at its annual meeting in Cleveland, Ohio, December 30, 1919.

In the first place, I assumed that when we said Monroe doctrine we referred to that presidential message prepared in 1823 by President Monroe under the influence of his able Secretary of State, John Quincy Adams. A great part of that message has become obsolete. The sentence "With the existing colonies or dependencies of any European power, we have not interfered and shall not interfere," became obsolete in 1898 and has had no force since then. The sentences immediately preceding and following it, however, in which Monroe says that we should consider any attempt on the part of the European powers "to extend their system to any portion of this hemisphere as dangerous to our peace and safety," and that "we could not view any interposition for the purpose of oppressing * * * or controlling, in any other manner," the destiny of the independent American governments "by any European power, in any other light than as the manifestation of an unfriendly disposition toward the United States," are still very much alive and in the future must be extended so as to cover both European and Asiatic powers.

When the American people say they believe in the Monroe doctrine and that it has a future, they do not mean to subscribe to the balanced policy laid down by President Monroe, but rather to the spirit which prompted John Quincy Adams to reject the proposals of Canning and to enunciate the doctrine that the United States proposes to look out for the Western Hemisphere and does not need or care for European interference in so doing. Further than this it hardly needs to be said that the words of the Monroe doctrine have been twisted and turned to mean many different things or that public writers have never been willing to agree as to details.

In the second place, my thesis was based on the supposition that European nations had long since lost their tendency toward despotism and were quite as democratic as many American republics. And that therefore it seemed ridiculous for us to pretend that the Monroe doctrine was a necessary element in our foreign policy.

It is hard to realize to-day what things we regarded as axioms six years ago. Although in my little book I did say "it is conceivable that there may come a day when threatened foreign invasion or racial migration will make it appear advisable for us to reassert the principles of the original doctrine of America for the Americans," I had not the slightest inkling of an idea that one of the great world powers would begin in 1914 to give an exhibition of military despotism such as had not been seen since the days of the Huns and the Vandals. It hardly need be said that anyone who would have ventured to predict that a nation to which we looked for advanced ideas in education, science, and efficiency, which our students of municipal affairs visited in order to study improved social conditions, whose masterly handling of the difficult problems of foreign trade and international exchange won the admiration of our leading business men, and whose ability to promote scientific research for its own sake won the approval of our foremost educators—that such a nation would be capable of turning back the clock 1,000 years, carrying on piracy on a gigantic scale, rejoicing in the murder of women and children, approving the action of naval officers in sinking life boats filled with noncombatants, and breaking at pleasure scores of rules which had been formulated and adopted by the civilized nations of the world—anyone who would have ventured to predict such an event would have been considered to be mentally unbalanced or guilty of the wildest jingoism. Yet these are things which we have actually seen come to pass during the past six years.

In the third place, it was assumed that the stronger powers of South America would naturally be willing to join us in defending the Americas from any possible aggression on the part of the powers of the Old World. Although one of these powers—Brazil—always our best friend among the southern republics, did so join us during the World War, the most important Temperate Zone powers—Argentina and Chile—declined to sacrifice any chances of gain by placing themselves with the Allies, and refused to fight against the enemy of civilization. Furthermore, it is well known that Mexico stood ready to aid our enemy and the enemy of republican institutions as far as she possibly could. The case of Mexico was, perhaps, not surprising in view of her contempt for our citizens and their property.

The attitude of Argentina and Chile, however, was most surprising and unexpected. That Cuba should have been willing to join us immediately shows that our policy of intervention in Cuba whenever interior conditions have made it necessary has made us friends, instead of enemies as so many feared would be the case. On the other hand our unwillingness to intervene effectively in Mexico has made us enemies instead of friends. Furthermore, German influence in Argentina and Chile was sufficiently strong to prevent those Republics from joining the cause of France in her hour of trial.

Viscount Bryce said in summing up the question of South American affinities, the South Americans "have an intellectual affinity for France, for the brightness of her ideas, the gaiety of her spirit, the quality of her sentiment. * * * In South America * * * French influence reigns supreme." Yet the great Temperate Zone republics of South America refused to join us in helping France in her extremity.

In the fourth place, I believed that the great war of the future was to be fought with commercial rather than military weapons. Repeated

visits to South America convinced me that Germany was getting tremendous advantage commercially. Her merchant marine was successfully competing with that of England and was keeping ours from raising its head.

The close combination between her bankers, manufacturers, and diplomats was proving a tremendous obstacle to our success. Many of the leading South Americans ridiculed the Monroe doctrine and hated us for supporting it. I felt that it would be greatly to our advantage in the coming commercial struggle to abandon the doctrine and establish a Pan American concert of the powers as had been suggested by Prof. Theodore S. Woolsey in *Scribner's Magazine* in 1908.

The World War and the events of the last few years have shown that I was mistaken.

The Monroe doctrine, which was becoming obsolete in 1913, is now no longer obsolete but is more firmly held than ever before and has a very definite future sphere of usefulness.

Germany has shown us that human nature has not changed in the possibilities to which it may go in acting on the unregenerate principle that might makes right. Germany has shown us that any foreign policy we may adopt which neglects the possibility of a world power seeking imperial conquest by force of arms is blind and feeble. Our foreign policy for the next generation must be based on lessons learned from what we have seen during the past five years. Germany has taught us many bitter lessons which we as lovers of life, liberty, and the pursuit of happiness would rather not have learned. If we show ourselves unwilling to face these lessons in all their ugly nakedness, if we prefer to obscure them with the smoke of sacrifices to some Utopian goddess of peace without preparedness, our children must suffer the consequences.

No one knows what will come out of present conditions in Russia. We hope for the best but we must prepare for the worst. If such selfish tyrants as Lenin and Trotsky succeed in becoming the new czars of that great empire and utilizing its tremendous resources to crush the rule of government "of the people, by the people, and for the people," wherever they can do so, we must be prepared to demonstrate the efficacy of the Monroe doctrine to keep any such tyranny from operating successfully in the Western Hemisphere, no matter what ingenious phrases it may use to deceive lovers of liberty and independence.

The nature of the various republics that border on the Caribbean Sea, their proximity to us and to the Panama Canal, and the strategic importance of their ports, so far as our national defense is concerned, make our interests in the Caribbean Sea paramount to all others. The acquisition by Germany, Russia, or Japan of a naval base in the Caribbean is unthinkable. A close alliance between any of the Caribbean republics and one of the great powers of the Eastern Hemisphere could not be tolerated. The need of pursuing a carefully prepared policy of self-preservation has been borne in on us by the acts of Germany. As a people we do not wish to pursue an aggressive policy. At the same time, the fact that only a few months ago one of the greatest nations in the world was pursuing selfish aggrandizement in a thoroughgoing and pitiless manner, unrestrained by any handicaps of human sympathy, makes us realize the importance of looking fearlessly at the Caribbean problem. The condition of the Caribbean republics is such as to cause us grave concern for their welfare and for ours.

If there were more than one world power in the Western Hemisphere or if there were likely to be more than one during the present generation, we should be obliged to look at this problem from a different angle. In the Eastern Hemisphere there are half a dozen world powers. Many of them are constantly rubbing elbows. While it is true that the world is smaller than it was before the days of steamships and airships, nothing that man has done has served to make it as easy to cross the stormy Atlantic as it is to rush an army across a continental frontier. While it is true that the advance of the science of mechanical engineering has shortened the distance across the Pacific Ocean, it has also shortened the distance between Peking and Petrograd. Army motor cars, tanks, and airplanes can be operated successfully over continental boundaries but not across the Atlantic and Pacific Oceans. Everything that makes the world smaller intensifies the problems of the Eastern Hemisphere and of the Western Hemisphere, besides making each more cognizant of the problems of the other. Some writers seem to forget this and to feel that modern invention has overcome the handicap of oceans and the isolation made by stormy seas.

Since we are the only world power in the Western Hemisphere, our duty to ourselves, our desire to preserve our own institutions and our own independence as well as our duty to protect the other powers in this hemisphere against possible aggression on the part of European or Asiatic powers, and to prevent such powers from securing bases from which we or any other American Republic might be successfully attacked, becomes evident. If Argentina, Brazil, and Chile were world powers, the problem would be different. But they are not yet world powers, nor are they likely to become such until they have followed a rough and rugged road and given proof of their faithful adherence

to the cause of liberty as well as of their ability to take their place in world movements. Until such time we must not be accused of selfishness if we deem it our duty to maintain the Monroe doctrine alone against all comers.

It will be agreed that the Panama Canal is one of the most important units in our scheme of national defense. We built it because we saw how long it took the battleship *Oregon* to come from the Pacific to our Atlantic coast, and we desired to be able to use our Navy to protect whichever coast was most seriously threatened. As has been frequently pointed out by the highest naval authorities, to divide our fleet would be disastrous. To divide it and have it kept apart through hostile control of the Panama Canal would be doubly disastrous. Since the Panama Canal is surrounded by the Caribbean Republics, it is obvious that instincts of self-preservation will lead us to keep the Monroe doctrine alive so far as any countries are concerned whose boundaries are near enough to the Panama Canal to permit of their being used successfully as hostile naval bases for operations against the canal.

These are some of the reasons why the people of the United States have decided to stick to the Monroe doctrine and not to regard it as being obsolete. It now remains to be considered what form should be taken by the Monroe doctrine in the future. This is a subject on which everyone is bound to have his own opinions and on which as in the past there will be wide diversity of view.

Some of our people wish to see United States troops employed in any part of the world to prevent injustice and oppression. Some enthusiasts would even be willing to see United States troops employed to prevent aggression against any small Balkan State. Whether these Americans would be equally willing to see British troops employed in Nicaragua to prevent active interference on the part of the United States, whether they would be willing to see French troops used in Haiti to aid the French-speaking citizens of that black Republic in expelling American marines, is another question.

Certainly, the great majority of our people believe that we do not want to see any European or Asiatic troops operating in any part of America. Most of us believe that it would be better not to attempt to enter into acrimonious disputes around the Mediterranean Sea or use our troops for any such purpose. We can do our duty to the world by treating those nations that deserve it with generous consideration both as regards credit and raw material. We can always be counted upon to do what we did in 1917 and come to the armed assistance of France or Italy if Germany or Russia threaten to crush their civilization. But it is hardly feasible for us to consider entering into the rights and wrongs of disputes between the smaller European powers.

On the other hand, it is obvious that we must maintain a most active form of the Monroe doctrine so far as the Caribbean Republics are concerned. In this regard I have come to agree entirely with President Roosevelt's ideas on the Monroe doctrine. "Our attitude in Cuba is sufficient guaranty of our own good faith. We have not the slightest desire to secure any territory at the expense of any of our neighbors." "All that this country desires is to see the neighboring countries stable, orderly, and prosperous." "If every country washed by the Caribbean Sea would follow the program in stable and just civilization which Cuba has shown * * * all questions of interference by this Nation with their affairs would be at an end." "The adherence of the United States to the Monroe doctrine may force the United States, however reluctantly, in flagrant cases of such wrongdoing or impotence to the exercise of an international police power." In these sentences Theodore Roosevelt outlined what I believe to be necessary in the Monroe doctrine of the immediate future.

As a matter of fact, this has been our policy even under an administration that has made much of the phrase "racial self-determination." Nicaragua, Haiti, and Santo Domingo—flagrant cases of chronic wrongdoing and of inability to "act with reasonable efficiency and decency in social and political matters" (Roosevelt's message to the 58th Cong., 3d sess.), unable to guarantee peace to their own citizens, are kept in order by armed men wearing the uniform of the United States.

The history of some of the Caribbean Republics shows that "self-determination" is not necessarily a guaranty of liberty and that the right to rule sometimes leads to the practice of misrule. It seems to be our duty to say both for our own sake and for the sake of the other members of the family of nations that whenever a Caribbean republic makes it impossible for its citizens to enjoy the blessings of peace and to take their part in the work of the world, it must lose temporarily that delightful privilege of self-determination until such time as it will cease to abuse it and learn how to use it. "The privilege of independence creates the responsibility of recognizing certain obligations to the family of nations. If you want to be free to take your part as an independent unit of that family we shall be glad to help you acquire and maintain this freedom, but if you want to be free to hold a continuous revolution, to protect the operations of murderous bandits, to kidnap, and kill foreign engineers who happen to be American citizens, if you want to be free to steal from all those who are weak and defenseless, you must lose that form of freedom."

In other words, we owe it to the progress of the world and to the world's need for its natural resources to see to it that the republics

of tropical America behave like citizens of the world rather than like pirates or members of savage head-hunting tribes.

It has been said that the Monroe doctrine is no stronger than our Army and Navy make it. That is partly true. An active Monroe doctrine such as it should be our policy to maintain in the future as regards the Caribbean Sea must be backed up by a sufficiently strong Army and Navy to make it immediately effective in case of necessity. This is the surest way of maintaining peace and prosperity in the Caribbean Sea.

As regards the Temperate Zone republics of South America, we may well maintain a latent Monroe doctrine—a Monroe doctrine whose strength will not depend on our actual Army and Navy, but on our potential military strength when called upon to exercise it.

As soon as Germany saw what our potential Army was going to be on the western front she realized that she could not possibly win and must accept the best possible terms that she could secure.

If we maintain a latent Monroe doctrine so far as concerns the republics of the South Temperate Zone in the Western Hemisphere, we need not have a sufficient military force for immediate action, but we should be ready to say that we would consider any attempt on the part of any Asiatic or European power to form close alliances with that or any other portion of this hemisphere "as dangerous to our peace and safety." Our attitude toward these republics, particularly toward the Governments of Argentina and Chile, should be one of dignified friendship. There is no necessity for us to adopt any air of patronage toward them, nor should we expect them to be grateful to us for maintaining a doctrine which is more to our advantage than to theirs, even though it would be of tremendous importance to them to realize that we should be ready to come to their assistance in case of possible aggression on the part of European or Asiatic powers.

Notwithstanding the dismal forebodings of our calamity howlers and the accusations leveled at all those who were willing to have America assume the burdens of war, we have a record that we may be proud of, not only in Cuba but also in France. There has been no demand in this country that Germany should pay us a great indemnity or should reimburse us for our heavy taxes and the dislocation of our normal activities. There has been no thought of securing a share of Germany's colonies. Our actions as well as our words have not shown any desire to profit from our entry into the European war except as we with the rest of the world are benefited by the downfall of the Prussian military caste. Consequently we need not fear to announce that in the future one of our duties to the world for the benefit of all concerned will be the maintenance of a strong Monroe doctrine—latent in temperate America and active in tropical America.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. BLAINE], as modified.

Mr. BLAINE. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BROOKHART (when his name was called). I have a pair with the senior Senator from New York [Mr. COPELAND], and in his absence I withhold my vote. If I were permitted to vote, I would vote "yea."

Mr. GEORGE (when his name was called). On this question I have a pair with the senior Senator from Connecticut [Mr. McLEAN]. In his absence, I withhold my vote. If the Senator from Connecticut were present, he would vote "nay," and if I were permitted to vote I would vote "yea."

Mr. NORRIS (when Mr. SHIPSTEAD's name was called). The senior Senator from Minnesota [Mr. SHIPSTEAD] is absent from the Senate on account of illness. He is paired with the Senator from Maryland [Mr. TYDINGS]. If the Senator from Minnesota were present, on this question he would vote "yea."

Mr. SMITH (when his name was called). I have a pair with the senior Senator from Indiana [Mr. WATSON]. In his absence, I withhold my vote.

Mr. McNARY (when Mr. STEIWER's name was called). My colleague [Mr. STEIWER] has a pair with the junior Senator from Mississippi [Mr. STEPHENS]. If my colleague were present, he would vote "nay" on this question, and if the Senator from Mississippi were present he would vote "yea."

The roll call was concluded.

Mr. JONES. I desire to announce the following general pairs:

The Senator from Oklahoma [Mr. PINE] with the Senator from Mississippi [Mr. HARRISON], and

The Senator from Delaware [Mr. DU PONT] with the Senator from Florida [Mr. TRAMMELL].

Mr. CURTIS. I wish to announce that the Senator from Michigan [Mr. VANDENBERG] is unavoidably detained from the Senate. He is paired on this question with the Senator from West Virginia [Mr. NEELY]. If present, the Senator from Michigan would vote "nay."

Mr. OVERMAN. I desire to announce that my colleague [Mr. SIMMONS] is detained from the Senate on official business.

Mr. GERRY. I wish to announce that the junior Senator from Mississippi [Mr. STEPHENS] is necessarily detained on business of the Senate.

Mr. CARAWAY. I desire to announce that my colleague [Mr. ROBINSON of Arkansas] is unavoidably detained from the Senate on account of illness.

Mr. McKELLAR. I announce the unavoidable absence from the Senate of the senior Senator from West Virginia [Mr. NEELY], and that if he were present he would vote "yea." He is paired on this question.

The result was announced—yeas 22, nays 52, as follows:

YEAS—22			
Barkley	Gerry	Locher	Pittman
Black	Harris	McKellar	Sheppard
Blaine	Hefflin	McMaster	Thomas
Caraway	Howell	Mayfield	Wheeler
Dill	King	Norris	
Frazier	La Follette	Nye	
NAYS—52			
Ashurst	Deneen	Johnson	Robinson, Ind.
Bayard	Edge	Jones	Sackett
Bingham	Edwards	Kendrick	Schall
Blease	Fess	Keyes	Shortridge
Borah	Fletcher	McNary	Smoot
Bratton	Gillett	Metcalf	Steck
Broussard	Goff	Moses	Swanson
Bruce	Gooding	Norbeck	Tyson
Capper	Gould	Oddie	Wagner
Couzens	Greene	Overman	Walsh, Mass.
Curtis	Hale	Phipps	Walsh, Mont.
Cutting	Hawes	Ransdell	Warren
Dale	Hayden	Reed, Pa.	Waterman
NOT VOTING—20			
Brookhart	Harrison	Robinson, Ark.	Stephens
Copeland	McLean	Shipstead	Trammell
du Pont	Neely	Simmons	Tydings
George	Pine	Smith	Vandenberg
Glass	Reed, Mo.	Stetwer	Watson

So Mr. BLAINE'S amendment as modified was rejected.

Mr. McKELLAR. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 53, after line 17, insert the following:

Provided, That no part of the appropriations made in this act shall be used for the purpose of maintaining marines or troops in the Republic of Nicaragua on and after February 1, 1929, unless specifically authorized by Congress; and,

Provided further, That the restrictions here imposed shall not apply if the President shall land troops temporarily for the protection of lives and property under international law or the Monroe doctrine.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Tennessee.

Mr. McKELLAR. Mr. President, I want to make just a brief statement about the amendment. This amendment, in my judgment, is not subject to the objections which have been raised here in reference to the other amendment. It does not attempt to interfere and does not interfere in any way whatsoever with the constitutional power of the President under international law, or under the Monroe doctrine. I express the hope that the amendment may be adopted.

Mr. BRATTON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BROOKHART (when his name was called). Making the same announcement as before as to my pair, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. GEORGE (when his name was called). Making the same announcement with respect to my pair as before, I withhold my vote.

Mr. NORRIS (when Mr. SHIPSTEAD'S name was called). The senior Senator from Minnesota [Mr. SHIPSTEAD] is detained from the Senate on account of illness. If he were present, he would vote "yea."

Mr. SMITH (when his name was called). Making the same announcement as before, I withhold my vote.

Mr. TYDINGS (when his name was called). On this vote I am paired with the senior Senator from Minnesota [Mr. SHIPSTEAD]. I transfer that pair to the junior Senator from Virginia [Mr. GLASS], and vote "nay."

The roll call was concluded.

Mr. CARAWAY. I wish to announce that my colleague the senior Senator from Arkansas [Mr. ROBINSON] is necessarily detained from the Senate on account of illness.

Mr. McNARY. My colleague [Mr. STEWART] is paired with the junior Senator from Mississippi [Mr. STEPHENS]. If my

colleague were present, he would vote "nay," and if the Senator from Mississippi [Mr. STEPHENS] were present he would vote "yea."

Mr. McKELLAR. I desire to announce the unavoidable absence from the Senate of the senior Senator from West Virginia [Mr. NEELY], and that if he were present he would vote "yea." He is paired on this question.

Mr. JONES. I desire to announce the following general pairs:

The Senator from Oklahoma [Mr. PINE] with the Senator from Mississippi [Mr. HARRISON], and

The Senator from Delaware [Mr. DU PONT] with the Senator from Florida [Mr. TRAMMELL].

Mr. CURTIS. I wish to announce that the Senator from Michigan [Mr. VANDENBERG] is unavoidably detained from the Senate. He is paired on this question with the Senator from West Virginia [Mr. NEELY]. If present, the Senator from Michigan would vote "nay."

Mr. OVERMAN. I desire to announce that my colleague [Mr. SIMMONS] is detained from the Senate on official business.

Mr. GERRY. I wish to announce that the junior Senator from Mississippi [Mr. STEPHENS] is necessarily detained on business of the Senate.

The result was announced—yeas 20, nays 53, as follows:

YEAS—20			
Barkley	Frazier	La Follette	Norris
Black	Harris	Locher	Nye
Blaine	Hefflin	McKellar	Sheppard
Bratton	Howell	McMaster	Thomas
Dill	King	Mayfield	Wheeler
NAYS—53			
Ashurst	Edge	Jones	Schall
Bayard	Edwards	Kendrick	Shortridge
Bingham	Fess	Keyes	Smoot
Blease	Fletcher	McNary	Steck
Borah	Gerry	Metcalf	Swanson
Broussard	Gillett	Moses	Tydings
Bruce	Goff	Norbeck	Wagner
Capper	Gooding	Oddie	Walsh, Mass.
Caraway	Gould	Overman	Walsh, Mont.
Couzens	Greene	Phipps	Warren
Curtis	Hale	Ransdell	Waterman
Cutting	Hawes	Reed, Pa.	
Dale	Hayden	Robinson, Ind.	
Deneen	Johnson	Sackett	
NOT VOTING—21			
Brookhart	McLean	Shipstead	Tyson
Copeland	Neely	Simmons	Vandenberg
du Pont	Pine	Smith	Watson
George	Pittman	Stetwer	
Glass	Reed, Mo.	Stephens	
Harrison	Robinson, Ark.	Trammell	

So Mr. McKELLAR'S amendment was rejected.

Mr. HEFLIN. Mr. President, I offer the following amendment.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. Add, on page 53, after line 17, the following:

Provided, That none of the appropriations made in this act shall be used to pay any expenses incurred in connection with acts of hostility by the United States marines in Nicaragua, unless and until the President shall obtain from Congress its consent to keep them there.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Alabama.

Mr. HEFLIN. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BROOKHART (when his name was called). Making the same announcement as before as to my pair, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. NORRIS (when Mr. SHIPSTEAD'S name was called). The senior Senator from Minnesota [Mr. SHIPSTEAD] is detained from the Senate on account of illness. If he were present, he would vote "yea."

Mr. SMITH (when his name was called). Making the same announcement as before, I withhold my vote.

Mr. TYDINGS (when his name was called). On this vote I am paired with the senior Senator from Minnesota [Mr. SHIPSTEAD]. I transfer my pair to the junior Senator from Virginia [Mr. GLASS], and vote "nay."

The roll call was concluded.

Mr. JONES. I desire to announce the following general pairs:

The Senator from Oklahoma [Mr. PINE] with the Senator from Mississippi [Mr. HARRISON], and

The Senator from Delaware [Mr. DU PONT] with the Senator from Florida [Mr. TRAMMELL].

Mr. CURTIS. I wish to announce that the Senator from Michigan [Mr. VANDENBERG] is unavoidably detained from the Senate. He is paired on this question with the Senator from West Virginia [Mr. NEELY]. If present, the Senator from Michigan would vote "nay."

Mr. GERRY. I wish to announce that the junior Senator from Mississippi [Mr. STEPHENS] is necessarily detained on business of the Senate.

Mr. McKELLAR. I desire to announce the unavoidable absence from the Senate of the senior Senator from West Virginia [Mr. NEELY], and that if he were present he would vote "yea." He is paired on this question.

Mr. McNARY. My colleague [Mr. STEWART] is paired with the junior Senator from Mississippi [Mr. STEPHENS]. If my colleague were present on this question he would vote "nay," and if the Senator from Mississippi were present he would vote "yea."

Mr. CARAWAY. I wish to announce that my colleague the senior Senator from Arkansas [Mr. ROBINSON] is necessarily detained from the Senate on account of illness.

The result was announced—yeas 15, nays 60, as follows:

YEAS—15			
Black	Heflin	McKellar	Sheppard
Blaine	Howell	Mayfield	Thomas
Dill	King	Norris	Wheeler
Frazier	La Follette	Nye	
NAYS—60			
Ashurst	Deneen	Johnson	Robinson, Ind.
Barkley	Edge	Jones	Sackett
Bayard	Edwards	Kendrick	Schall
Bingham	Fess	Keyes	Shortridge
Blaise	Fletcher	McMaster	Simmons
Borah	Gerry	McNary	Smoot
Bratton	Gillett	Metcalf	Steck
Broussard	Goff	Moses	Swanson
Bruce	Gooding	Norbeck	Tydings
Capper	Gould	Oddie	Tyson
Caraway	Greene	Overman	Wagner
Cowzens	Hale	Phipps	Walsh, Mass.
Curtis	Harris	Pittman	Walsh, Mont.
Cutting	Hawes	Ransdell	Warren
Dale	Hayden	Reed, Pa.	Waterman
NOT VOTING—19			
Brookhart	Harrison	Reed, Mo.	Stephens
Copeland	Locher	Robinson, Ark.	Trammell
du Pont	McLean	Shipstead	Vandenberg
George	Neely	Smith	Watson
Glass	Pine	Steuwer	

So Mr. HEFLIN's amendment was rejected.

The PRESIDENT pro tempore. The bill is before the Senate as in Committee of the Whole, and open to amendment.

Mr. BARKLEY. Mr. President, I desire to call the attention of the Senate to a matter which is somewhat kindred to the Nicaraguan situation except that it has only proceeded far enough to bring about the introduction of a resolution. The senior Senator from Minnesota (Mr. SHIPSTEAD) has introduced a resolution, which is now pending before the Committee on Foreign Relations, providing for an investigation before that committee of the Government of Cuba. In that resolution it is charged that various acts of misgovernment have been committed in Cuba which, in the opinion of the Senator from Minnesota, require some investigation.

When the United States set Cuba free the Platt amendment provided that under certain circumstances the United States might have the right to intervene. In that amendment it was provided that the constitution of Cuba and a treaty which would subsequently be entered into between that country and ours should provide against Cuba entering into any treaty with any foreign country which in any way affected the rights of the United States. It provided that Cuba should not incur any indebtedness that could not be met out of the current revenues. It provided that under certain circumstances the United States might intervene to assure stability of government and protection of the rights and property, and that Cuba would cede to our country a coaling station.

I do not know what basis the distinguished Senator from Minnesota may have had for the introduction of the resolution calling for an investigation, but it seems to me that it would be peculiarly inopportune now for the Senate or our Government to take any action with respect to Cuba that might give rise to any misapprehension of our friendly attitude toward our relationship with her, especially in view of the fact that at the recent Pan American Conference held in Habana the Government of Cuba was one of the outstanding friends of the United States with respect to the delicate relations which exist between us and some of the countries of Central and South America.

There is \$1,500,000,000 of American capital invested in Cuba. This money is invested in all forms of property, including real estate, manufacturing enterprises, railroads, street-car lines,

and public utilities of all sorts. It seems to me that if there was any great evidence of misgovernment or a lack of proper protection of the rights of American citizens and their property in Cuba, or any failure on the part of the Cuban Government or the courts of Cuba to guarantee the rights to which we are entitled under the treaty and under her constitution, we would have heard something of it. I am frank to say I have heard no occasion for just criticism on the part of American citizens against the Government of Cuba.

I desire, therefore, to ask the clerk to read a letter which I have received from a distinguished Kentuckian who has spent considerable time in Cuba, and also an editorial from the Philadelphia Record of date April 9, 1928, touching upon the matter which I have just briefly discussed.

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

Mr. CURTIS. Mr. President, would not the Senator be willing to have them printed in the Record without reading?

Mr. BARKLEY. It will not take long to read them. I would prefer to have them read.

The Chief Clerk read the letter, as follows:

FRANKFORT, KY., April 20, 1928.

Hon. ALBEN W. BARKLEY,

United States Senate, Washington, D. C.

MY DEAR SENATOR: I beg to call your attention to the resolution of Senator SHIPSTEAD, of Minnesota, recently referred to the Senate Committee on Foreign Relations, proposing a Senate investigation of charges against the Government and institutions of the Republic of Cuba.

You are familiar with my knowledge of prison conditions and criminal law enforcement in the United States based upon an experience of more than 30 years in industrializing prisons not only in Kentucky but in Illinois, Indiana, Iowa, Wisconsin, Connecticut, Massachusetts, and South Carolina. Having just returned from six months' investigation in Cuba of the prisons, in which I am known as a specialist, I deem it a public duty to register protest against the resolution of the Minnesota Senator, which can be interpreted in Cuba only as an unfriendly act.

In so far as these charges relate to alleged injustices of the Cuban court system and to administration of the Cuban criminal code, as in the days of General Weyler, I can state most positively that they are without justification.

The new national prison on the Isle of Pines is the most complete and modern reformatory institution in the world to-day; it is more humanely conducted than any similar institution in this country, with better discipline, lesser punishments, and larger proportion of criminals reformed and returned to citizenship, with a more effective parole system than in any State institution in this country.

The old prisons in Cuba are maintained with good discipline, cleanliness, and sanitation 100 per cent better than in the United States.

We would be fortunate if our State courts administered justice with the speed, fairness, and efficiency which one sees in the courts of Cuba. Reports of crime waves in the United States shock the sensibilities of our Cuban neighbors. They point to a prison population in Cuba approximately 50 per cent lower per capita than the prison population in such States as New York, Pennsylvania, Minnesota, or Illinois.

Delays in prosecution and laxity in execution of sentences are not known in Cuba.

During six months' sojourn in the island in association with American residents there I heard not a single complaint of the tenor of the Minnesota Senator's resolution in respect to denial of justice to American citizens. On the other hand, I heard from Americans and Cubans general commendation of President Machado and his government.

While it should be obvious to every American citizen that the Senate of the United States can not, as pointed out by the Cuban ambassador to Washington, conduct an investigation on Cuban soil, I am sure that a cordial welcome, safe conduct, a healthful and interesting vacation, and unlimited opportunity of observation await any American, the tourist or statesman, who cares to visit Cuba to see for himself.

Habana offers a surprising contrast to various metropolises of the United States which figure in the headlines as centers of crime. I believe it is no exaggeration to say that Habana is the safest, most sanitary, and satisfactory residential city in the Western Hemisphere.

Very truly yours,

A. D. MARTIN.

The Chief Clerk proceeded to read the editorial.

Mr. BARKLEY. Mr. President, as the letter has been read, it will be entirely satisfactory that the editorial be printed without reading.

Mr. NORRIS. The way the editorial began, I should like to have it read so that we may know what it has to say.

The PRESIDENT pro tempore. The clerk will read the editorial.

The Chief Clerk read the editorial, as follows:

[From the Philadelphia Record, April, 1928]

AN INTERVENTION PLAN THAT CAN WAIT A BIT

As the sole Farmer-Labor representative in the Senate, Mr. SHIPSTEAD enjoys singular freedom of action. While his Republican and Democratic colleagues are entitled and expected to follow the dictates of conscience, they owe a certain deference to their respective groups, and custom requires them to take counsel before urging controversial policies. But the Minnesota statesman can at a moment's notice mobilize himself into a caucus of his party and adopt a program without risking dissent or argument.

In the exercise of this agreeable independence the Senator has just made a proposal which would hardly be adopted offhand by either of the two large organizations. He has introduced a resolution asking the Foreign Relations Committee to "investigate and report whether the property and rights of American citizens resident in Cuba have been and are being fully protected."

His assertion is that "specific charges" have been made by publicists, educators, and other reliable sources "that the present Cuban régime is a virtual dictatorship, which has suppressed freedom of speech and other essential rights; that manipulation of the courts has made justice a farce and the judiciary an instrument of absolutism; that the criminal code is perverted to the uses of oppression and the punishment of legitimate political activity; that there have been partisan deportations, imprisonments, and assassinations; and that Americans, as well as Cubans, have been victimized by seizures of property without due process of law."

These allegations, in view of the historical record, are by no means incredible. Political methods in Latin-American countries are traditionally drastic, and from the time of its creation the Cuban Republic has exemplified at frequent intervals the rigors of partisan conflict. Self-governing since 1902, the country has had periodical uprisings, and each of the half dozen presidential elections has been marked by disorder. At the close of the first administration, under President Palma, there was an insurrection so serious that from September, 1906, to January, 1909, the island was provisionally ruled by the United States. There was a revolt in 1912 and another in 1916, and the election campaigns have been continuously embittered by charges of corruption and outbreaks of violence, despite the adoption of excellent ballot laws under American supervision.

Moreover, the right of the United States to interest itself in these matters is beyond question, since it is embedded in the Cuban constitution. That document provides, by what is known as the Platt amendment:

"The Government of Cuba consents that the United States may exercise the right to intervene for the protection of Cuban independence, the maintenance of a government adequate for the protection of life, property, and individual liberty, and for discharging the obligations with respect to Cuba imposed by the treaty of Paris on the United States."

But despite this status, which is perhaps unique in international relations, enforcement of the rights stated is a matter of extreme gravity, especially so in view of recent expressions of Latin-American sensitiveness regarding intervention, and in view of the whole-hearted support which the Cuban Government gave to the United States at the Habana conference. Even a proposal for investigation is a delicate matter. This is shown by the blunt observation of the Cuban ambassador that the complaints against his Government emanate from radical malcontents, and that in any case the proposed Senate inquiry "could not be carried out on Cuban territory."

It may be assumed, therefore, that the committee will not act precipitately upon the demand of Senator SHIPSTEAD and his unnamed "publicists." For the time being, at least, Nicaragua would seem to furnish adequate employment for our statesmanship in the Caribbean.

Mr. BORAH. Mr. President, I only desire to say that the resolution referred to by the Senator from Kentucky was introduced on the 17th day of April by the Senator from Minnesota [Mr. SHIPSTEAD] and has not yet had the consideration of the committee. I have no doubt the Senate can rely upon the committee when it comes to deal with it, to act with entire respect for the integrity and sovereignty of a friendly nation.

Mr. JOHNSON. Mr. President, it is my duty to offer an amendment to the naval appropriation bill. I do it, sir, with full knowledge of the parliamentary situation, but nevertheless events which have recently transpired in the harbor of San Diego render it essential that, at least, the amendment should be offered and the responsibility rest then where it ought in respect to the matter.

Not long ago the two great carriers which have been constructed for the United States Navy, the *Lexington* and the *Saratoga*, went to San Diego Harbor. There it is that the great airport of America exists. There it is that these two great airplane carriers must take on their burden and load with aircraft. They were able to go through a 1,000-foot chan-

nel to the particular point essential, but being ships 800 feet in length they can not turn around in that channel. It is absolutely necessary that there should be a dredging of the channel in order that another naval debacle may not be ours in the near future. I read, sir, just a paragraph from Admiral McKean's report upon the situation.

The contemplated presence of the two airplane carriers on the west coast, together with the urgent need for utilization of an extension of aeronautical facilities here, necessitate a revision of priorities of items for development, and the commandant places as item 1 on the priority list the need for dredging for a 4,000-foot 35-foot deep turning circle, with material deposited on the Marine Corps base, and as item two on the priority list the need for extension of the concrete wharf at the naval air station for berthing these carriers.

I ask as a part of my remarks that a letter from the Secretary of the Navy and the report of the commandant to which I have just referred may be inserted in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The letter and report are as follows:

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, April 11, 1928.

Hon. HIRAM W. JOHNSON,
United States Senate.

MY DEAR SENATOR: Inclosed herewith is a copy of the report of Rear Admiral McKean on the proposal relating to the Marine Corps flying field, including dredging for a turning basin, requested in your letter of March 30, 1928.

Sincerely yours,

CURTIS D. WILBUR.

MARCH 13, 1928.

From: Commandant.

To: Chief of Naval Operation, Navy Department, Washington, D. C.

Subject: Nolen plan—Suggested modifications of (turning basin for airplane carriers).

Reference: (a) Your letter Op-23X-SJC QH(16) (San Diego)/N22 (280301) of March 1, 1928.

Inclosures: (A) Marked copy of hydrographic chart No. 5107.

(B) Marked copy of blue print ND11/N1-2(2).

(C) Copy of letter from harbor department, San Diego, Calif., dated March 12, 1928.

(D) Copy of reference (a).

1. The San Diego city authorities, in dredging to fill Lindbergh Field, had planned to dredge about 1,040,000 cubic yards from the area on the north side of the channel opposite the concrete dock at the naval air station, to improve the turning circle for the airplane carriers. The city now plans to dredge an additional 1,080,000 cubic yards from this area, which will give practically a 3,600-foot diameter turning circle 33 feet deep (inclosure (C)). This will make a total of 2,120,000 cubic yards excavated from this area, and will quickly give to the Navy a dredged area in which it will be practicable to turn the U. S. S. *Saratoga*. This turning circle is shown in red on inclosure (A).

2. The commandant desires to express his appreciation of the cooperation of the city of San Diego in so planning this dredging as to meet the immediate needs of the Navy for this service.

3. While a 3,600-foot turning circle 33 feet deep will make it possible for the airplane carriers to proceed to and from the naval air station, the conditions of wind, tide, and navigational interferences, together with the size, draft, and value of these carriers make it most necessary that plans be prepared and funds secured sufficient to dredge a turning circle of at least 4,000 feet diameter, and not less than 35 feet deep. Such a circle is shown in black on inclosure (A). The amount of dredging involved, in addition to that which will be performed by the city, is approximately 4,700,000 cubic yards, and the estimated cost at 20 cents per cubic yard is \$940,000.

4. The city also plans to dredge a smaller channel to serve the water front north of the municipal piers. The total dredging by San Diego will approximate 2,500,000 cubic yards, and the city will deposit this material to fill that part of Lindbergh Field lying on municipal property. This area to be filled by the city is shown in red on inclosure (B).

5. The Navy desires to fill immediately that portion of the Marine Corps base now partially filled and lying along the water front in front of the barracks and extending to the east of the barracks to secure a flying field for the marine aviation detachment of the West Coast Expeditionary Force now housed in temporary buildings at North Island. The quantity of fill required for this purpose is approximately 800,000 cubic yards. This would leave about 3,900,000 cubic yards toward filling in that portion of Lindbergh Field lying on naval property. This amount will be sufficient to fill that part of field shown in yellow on

marked print, inclosure (B), and will serve to connect the marine flying field with the municipal flying field, bringing this combined area to elevations suitable for flying purposes. Advantage should, therefore, be taken of the need for this additional dredging required for safe navigation of the airplane carriers to secure the fill required for this most vital flying field.

6. It was the original intention of the operating base to secure the fill required for a landing field from dredging a shoal area in front of the Marine Corps base to below 6 feet so as to render the area available for seaplane operations. Such extension of the seaplane maneuvering area in San Diego Harbor is very important, but is not so immediately vital to fleet needs as is the question of securing a safe turning circle for the airplane carriers. When in the future congestion increases and additional seaplane maneuvering area is imperative, and funds become available for this work, it should be performed, and the material obtained from dredging operations should be deposited to complete the work of filling in the Marine Corps base property lying west of Lindbergh Field and south of the marine flying field, extending this field to the new bulkhead lines recently approved by the War Department.

7. Coincident with the dredging by the Navy and city to secure a 4,000-foot turning circle 35 feet deep, the War Department should be called upon to remove from this main channel, within the turning circle, all shoal areas above 35 feet below mean low water. Some few soundings of 31 and 32 feet are noted in this area. An accurate estimate of the yardage involved can not be made at this time because of the large area and shallow cuts involved and the comparatively few soundings shown on the chart. The cut may vary from 50,000 to 170,000 yards.

8. The commandant earnestly recommends that immediate steps be taken to secure this necessary 4,000-foot turning circle 35 feet deep, now required for safe navigation of the airplane carriers in San Diego bay, in order that they may berth at and utilize the facilities of the naval air station.

9. The contemplated presence of the two airplane carriers on the West coast, together with the urgent need for utilization of an extension of aeronautical facilities here necessitate a revision of priorities of items for development, and the commandant places as item 1 on the priority list the need for dredging for a 4,000-foot 35 feet deep turning circle, with material deposited on the Marine Corps base, and as item 2 on the priority list the need for extension of the concrete wharf at the naval air station for berthing these carriers.

J. S. MCKEAN.

Mr. JOHNSON. It is a fact, sir, that this dredging is absolutely necessary. I have a pride in the Navy. Every American may justly have a pride in it. It has a fighting personnel that is not equalled by any on earth. It has a medical unit, and a medical corps, sir, that stands as high as any in all the world. In its technical and scientific departments it rivals any. It falls only occasionally in a manana policy and an inability to administer and to execute where administration and execution may be necessary. This is one of those instances. The situation demands immediate action. The administrators of the Navy Department admit it, but wish to do it some other time. Now is the time. The amendment should be adopted.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 33, after line 6, insert:

Marine flying field and water-front development, San Diego, Calif., \$940,000.

Mr. HALE. Mr. President, I realize the ultimate need for the provision covered by the amendment which has been offered by the Senator from California. The great carriers, the *Lexington* and the *Saratoga*, will undoubtedly have to use the harbor of San Diego, and, as the Senator has said, they can not turn around in that harbor under their own steam, but at the present time I understand that they can be turned around by the use of tugs.

In view of the fact that the amendment is new legislation and that it has never been estimated for by the Budget, I must reluctantly make the point of order against it.

The PRESIDENT pro tempore. The point of order is sustained.

Mr. NORRIS. Mr. President, what I am about to say ought to have been said immediately after the Senator from Kentucky [Mr. BARKLEY] had the letter read, but the Senator from California [Mr. JOHNSON] obtained the floor ahead of me, so that I may be a little late.

I desire to inquire, first, who is the author of the letter which the Senator had read?

Mr. BARKLEY. Col. A. D. Martin, of Frankfort, Ky., a very prominent Kentuckian.

Mr. NORRIS. Does he live in Cuba?

Mr. BARKLEY. No; he lives in Frankfort, but travels considerably and has been in Cuba a number of times.

Mr. NORRIS. Is he interested there?

Mr. BARKLEY. I think not.

Mr. NORRIS. He writes such a beautiful letter and at such great length, showing such intimate knowledge of the conditions in Cuba, that it seemed to me he must spend most of his time there.

Mr. BARKLEY. He goes down during the winter very frequently. He has been there during the past winter. If he has any financial interests in Cuba, I know nothing about it.

Mr. NORRIS. Of course he shows a great interest, and a laudable one, in Cuba; but I think the Senator from Kentucky can very safely answer his friend, and might have done so without having his letter read—although I have not a particle of objection to it—and say to him that there is not any danger of the Senate passing the Shipstead resolution.

I know nothing whatever about it. I never knew there was such a resolution until it was called to my attention by that letter, but I have a copy of it now before me. It proposes to direct the Senate Committee on Foreign Relations, acting through a subcommittee or otherwise, to investigate and report to the Senate whether the property rights of American citizens residents in Cuba, and so forth, have been and are being protected.

The Senator from Kentucky, especially in view of the action of the Senate to-day, can safely write to his correspondent that under the amended Constitution of the United States the Senate has no jurisdiction over such matters. It has surrendered its right, and we have amended the Constitution and given to the Executive the sole authority to look after persons and property in foreign countries.

The Senator can safely say to his correspondent, however, that there is not any doubt now but that the executive department will fully protect him if he has any property in Cuba; that these arrangements are carried on, it is true, in secret; that even the Senate or the House does not know what is being done; that the subject is being looked after quietly and effectively and secretly by the Department of State; and that the Army and the Navy and the marines are ready at a moment's notice to take care of the property rights of anybody in Cuba.

So the correspondent of the Senator from Kentucky is perhaps unnecessarily alarmed about conditions down in Cuba; but he has taken the wrong course to get any action on the matter. He has supposed that Congress should have something to say about it, and so has the Senator from Minnesota; but he will certainly find out before very long, if he has not already been told by telephone, that the Senate of the United States has nothing to do with foreign relations; that that subject is in the hands of the executive department, and that through the secret channels best known to the Secret Service of the United States they will amply protect the property and the lives of American citizens in Cuba; that the entire naval force of the United States will be brought out, if necessary, to see that that protection is given; and if the Department of State finds upon the secret investigation which it makes, and the secret representations which may be made to it, that there is something wrong down in Cuba, and that it can best be remedied by putting men out of office who are in office in Cuba, our marines will be directed to hold an election down in Cuba, and they will see that the right people get in office.

I think there is no doubt but that the Senator's correspondent has been properly answered by the Senate; and perhaps when he reads the result of this vote he will be able to sleep without any difficulty, and slumber without any interruption.

Mr. BARKLEY. Does not the Senator from Nebraska think it is rather commendable, and ought to be made a matter of note and public record, that there is at least one American citizen who travels and who is concerned about affairs in South and Central America who does not desire his Government to intervene in his own behalf or in behalf of other American citizens?

Mr. NORRIS. Yes; I think it is very commendable.

Mr. WHEELER. But the Senator ought to inform him that the Senate of the United States, by its action this afternoon, has abdicated in favor of a dictator in the White House.

Mr. BORAH. Mr. President, between those who want to come out and those who want to go into these Central American countries, it is very difficult for the Foreign Relations Committee to establish any permanent policy.

Mr. EDGE. Mr. President, I offer an amendment to the pending bill on page 25. I move to strike out lines 18 to 23, inclusive, which read:

The Paymaster General of the Navy is authorized to enter into agreements with the proprietors of the piecework shops carried on the rolls of the naval clothing factory during the calendar year 1927 for the

manufacture of clothing from materials furnished by the Government, at such prices as may be approved by the Secretary of the Navy.

I have spoken to the chairman of the committee as to my reasons for asking that this language be stricken out, so that in conference a little further investigation can be made of its real meaning. I am informed that under this provision contracts have been made at a very high rate, and in more or less an exclusive way, with a very few concerns. I am not entirely positive as to the accuracy of my information; but if we pass the bill with this provision in it, of course we shall have no opportunity to correct it. So I ask the Senator in charge of the bill if he will not accept the amendment in order that it may be further investigated in conference.

Mr. HALE. Mr. President, I think the Senator is mistaken in saying that contracts have been made at very high rates with individuals; but in view of the fact that he questions the provision, I am willing to have it stricken out and have the matter go to conference.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New Jersey [Mr. EDGE].

The amendment was agreed to.

Mr. KING. Mr. President, before a vote is taken upon the passage of the bill I desire to submit a few words. We are asked by this bill to appropriate approximately \$370,000,000 for the Navy. This enormous sum is not for new construction but to cover the ordinary expenses alone of the naval establishment for the next fiscal year. No country in the world will make so large an appropriation for naval expenses as that which we are called upon to make for the coming year. For months the country has been filled with propaganda carried on by frenzied and excited militarists who have represented that the Navy was about to be "scrapped," and that our country was totally "unprepared" to meet some foe which threatened the safety of our country. I have received many letters and telegrams protesting against "scrapping the Navy" and demanding that nearly a billion dollars be appropriated for the construction of new war vessels.

The State Department, we are told, is engaged in negotiations to bring about disarmament among the nations and to secure the adoption of treaties calculated to "outlaw war," and yet with these professions in behalf of world peace, the Executive Department has urged direct appropriations and authorizations for military and naval expenditures aggregating nearly \$2,000,000,000.

When Congress convened in December the Bureau of the Budget indorsed an authorization calling for \$740,000,000 for new naval construction. The Secretary of the Navy upon many occasions since then has urged that Congress authorize this great outlay to build new war vessels. This huge sum did not include the ordinary expenses of the Navy for the coming year which the bill before us provides for, but the appropriation carried by the pending bill will not cover all the expenses of the Navy for the next fiscal year. Since Congress convened we have appropriated something like \$20,000,000 for gun elevation and modernization of two of our capital ships.

Mr. HALE. Mr. President, I think the Senator is mistaken about that; \$13,150,000 was authorized last year for modernizing the *Oklahoma* and the *Nevada*. It is the policy of the Navy and it is the policy of the Congress to modernize certain of our older ships and bring them up to date by putting on deck protection and blisters and certain other changes that have to be made to bring them up to date as modern ships. After these shall have been completed—and that will not be until the end of the next fiscal year—we will take two more ships, the *Pennsylvania* and the *Arizona*, and fix them up in the same way; but that will not come in the present bill or during this session of Congress.

The House has before it now a bill to authorize such a change, I believe, in the *Arizona* and the *Pennsylvania*; but no appropriation for that will come until later, and that is in regular line with what the Navy is doing.

Mr. KING. There will be an authorization for approximately \$25,000,000 more. Then, in addition, there will doubtless be a measure passed before the adjournment authorizing an appropriation of more than \$300,000,000.

Mr. HALE. What is that? I am not aware of any such appropriation.

Mr. NORRIS. The Senator has not been told yet.

Mr. HALE. The Senator said an appropriation, did he not?

Mr. KING. I said an authorization.

Mr. HALE. Oh! I beg the Senator's pardon.

Mr. KING. The Senator is certainly aware of the fact that the Secretary of the Navy and the President recommended an authorization of \$740,000,000 for new naval construction, in addition to the amount carried in the bill before us which is

approximately \$370,000,000. The Senator also knows that the estimates of the Navy for naval construction are always far below the final cost. Secretary Wilbur states that the desired authorization of \$740,000,000 is not the final cost but only an "approximation." If the "rough estimates," or approximation, of the Navy are \$740,000,000 it is certain that the final cost will exceed \$1,000,000,000. Congress will also appropriate before adjournment next month an additional sum to meet expenses of the Navy, including improvements and repairs upon naval craft. This sum will be approximately \$20,000,000.

The House has not responded to the recommendations of the President and the Secretary of the Navy for \$740,000,000, but it has authorized new construction that will cost, according to rough estimates, \$300,000,000. So, Mr. President, before we adjourn Congress will have appropriated approximately \$400,000,000 for naval expenses for the next fiscal year, and will have authorized appropriations to the amount of \$300,000,000. Our naval bill then will amount to approximately \$700,000,000, that is for direct and indirect appropriations. Yet, Mr. President, we are at peace with all the world except Nicaragua. We have already appropriated to meet the expenses of the Army for the next fiscal year approximately \$300,000,000. No nation, no matter what her military ambitions or purposes were, has ever appropriated for military purposes so large a sum for a single year, except during the period of the World War.

We constantly aver that this is a Christian Nation, that it has no imperialistic policies and no desire for territorial conquest. Its responsible leaders avow that its purposes are peaceful, and that it desires amicable relations with all the world. These large military expenditures, for which we are providing, are not quite consistent with the oft-repeated proclamations of our desire for world peace and international disarmament. Our professions would inspire greater confidence if we were not projecting new war vessels at a cost of a billion dollars, and were not appropriating for the next fiscal year nearly \$700,000,000 to meet the expenses of our Military Establishment.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. KING. I yield.

Mr. NORRIS. Does not the Senator think that is enough?

Mr. KING. It appears that the President, and he stands for economy, was in favor of a much larger authorization, and Secretary Wilbur judging from his numerous utterances, is dissatisfied with the appropriation, and the authorization made and to be made before this session of Congress terminates.

Mr. NORRIS. We have just started out now upon a new policy. I doubt whether that will be enough to carry out the new policy. If you are going to supervise the elections of the world it will take more than that.

Mr. KING. Perhaps the American people will have something to say about the foreign policy of the Government and demand that this Republic lead the way toward world peace. In my opinion they do not approve of a foreign policy which projects the United States into the domestic affairs of other nations, and which makes the Monroe doctrine a pretext to interfere in the affairs of Latin America. The American people, in my opinion, believe that the United States, because of its material strength and power and its moral strength, is in a position to profoundly influence all nations of the earth, and by example prepare the way not alone for the reduction in military armaments, but to effectuate practical world disarmament.

But recurring to the bill for new construction I understand that as it passed the House it authorizes new construction of war vessels to the amount of approximately \$300,000,000; indeed, it will probably be considerably more.

Mr. HALE. But the bill as it came over from the House authorizes, I think, \$270,000,000 for new construction of cruisers and one aircraft carrier.

Mr. KING. Yes; but we all know that the aircraft carrier will cost from twenty to thirty millions of dollars, and the entire estimated costs for the vessels authorized will exceed by many millions the naval approximation.

Mr. HALE. I do not see where the Senator gets his \$700,000,000 that he says we are authorizing.

Mr. KING. Perhaps the Senator did not understand what I stated. I said that before we adjourn Congress will have appropriated directly and authorized expenditures the total of which will be approximately \$700,000,000. This bill, as I have stated, carries substantially \$370,000,000. We have appropriated \$13,500,000 for the modernization of two capital ships. There will be a further appropriation for repairs and improvements of approximately \$20,000,000, and the House bill which is now before the Senate Naval Affairs Committee pro-

viding for new construction will carry authorizations of not less than \$300,000,000. The Senator will see that these amounts will reach the \$700,000,000 mark.

Mr. HALE. The \$13,500,000 which the Senator speaks about was authorized last year.

Mr. KING. Whether authorized then or in December last, it will have to be met out of appropriations made before Congress adjourns. Mr. President, an examination of the huge appropriations already made and those which will be made before Congress adjourns for military purposes will furnish convincing proof that no nation in peace times since the dawn of history has appropriated so much for military expenses for one year as will be provided for in the measures passed by this Congress to meet the military budget of the United States for the next fiscal year.

The PRESIDENT pro tempore. The bill is still before the Senate as in Committee of the Whole and open to amendment.

Mr. HALE. Mr. President, I send to the desk an amendment which I ask to have stated. I will say that I have been instructed by the Appropriations Committee to offer this amendment on the floor.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 46, in line 3, after the word "Columbia," it is proposed to insert:

: And provided further, That the Secretary of the Navy, in his discretion, may assign to the Chief of Naval Operations the public quarters now assigned to the Superintendent of the Naval Observatory, District of Columbia.

Mr. JONES. Mr. President, this building is assigned to the Superintendent of the Naval Observatory by the express terms of the statute that provided for its construction; so that this amendment is clearly subject to a point of order, because it changes existing law.

Mr. HALE. Mr. President, before the Senator makes that point I should like to explain the purpose of the amendment.

Mr. JONES. If the Senator will wait just a moment, perhaps he will be satisfied.

The Secretary of the Navy has appealed to me very strongly not to make a point of order against the amendment. He seems to think that the change that is suggested here is very desirable in the interest of the naval service. The Superintendent of the Naval Observatory himself has asked me not to make the point of order. He seems to think that the suggested action is wise.

Mr. President, while I do not like to see these legislative provisions on appropriation bills, because of the fact that the Secretary of the Navy himself thinks it is well for the service to make this change and the Superintendent of the Naval Observatory thinks it is desirable I am not going to make the point of order.

Mr. NORRIS. Mr. President, I should like to ask the Senator from Maine a question or two about this amendment.

Mr. HALE. I shall be very glad to explain it to the Senator.

Mr. NORRIS. The Senator from Washington has almost convinced me that I ought to make the point of order myself.

Mr. DILL. Mr. President, I should like to know just what the effect of this amendment is.

Mr. HALE. I shall be glad to explain it.

Mr. NORRIS. Mr. President, I think I have the floor, if Senators will permit me to continue my remarks.

The PRESIDENT pro tempore. The Senator from Nebraska is entitled to the floor.

Mr. HALE. I should like to explain the amendment, if given an opportunity.

Mr. NORRIS. Yes; but the Senator does not give me an opportunity to finish what I will say. He is too anxious. I was going to ask the same question which the Senator from Washington [Mr. DILL] asked. I should like to have a little further explanation of the amendment. What are they going to do with this observatory? Are they going to convert it into a clubhouse or a residence?

Mr. HALE. Mr. President, I was about to explain the amendment when the Senator from Washington [Mr. JONES] suggested that I wait until he got through. If permitted to do so, I shall be very glad to explain it.

Mr. NORRIS. I shall be glad to surrender the floor and have the Senator explain the amendment.

Mr. DILL. Mr. President, when the Senator in charge of the bill would not allow an amendment that was as badly needed for this bill as the amendment of the Senator from California [Mr. JOHNSON] I think that bringing legislation in here at this time is also unnecessary. As I understand, this is to take away the Naval Observatory.

Mr. HALE. Mr. President, will the Senator let me make the explanation?

Mr. DILL. I tried to get the Senator to make it a while ago.

Mr. HALE. I offered the amendment, and I think I am entitled to explain it.

Mr. DILL. All right.

Mr. HALE. Mr. President, for a number of years the Chief of Staff of the Army has been given quarters at Fort Myer. The present Chief of Operations of the Navy, Admiral Hughes—who corresponds to the Chief of Staff of the Army—has no quarters assigned to him here in Washington. There are very good quarters at the Naval Observatory, and the department felt that they would make adequate and fine quarters for the Chief of Operations, the ranking officer of the Navy.

The allowance of an admiral for rent is about \$1,262 a year. That is \$500 more than the allowance of a captain. The allowance of the present superintendent of the observatory therefore is \$500 less than that of Admiral Hughes. If these quarters are given to Admiral Hughes, that will mean a saving to the Government of \$500 a year and will give this distinguished officer adequate quarters while he is stationed here in Washington.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. SWANSON. Mr. President—

The PRESIDENT pro tempore. To whom does the Senator yield?

Mr. HALE. I yield to the Senator from Tennessee.

Mr. McKELLAR. What will become of the superintendent of the observatory?

Mr. HALE. The superintendent of the observatory is to leave these quarters.

Mr. McKELLAR. Where will he go? How can he be superintendent if he leaves there?

Mr. HALE. I may say that he is entirely willing to do so, because under his pay as a captain he can not adequately keep up the quarters, which are expensive ones.

Mr. McKELLAR. Will he be away from the observatory? Will he be outside?

Mr. HALE. He would live away from the observatory, but that would not interfere with the administration of his duties in the observatory.

Mr. SWANSON. Mr. President, will the Senator yield to me for a minute?

Mr. HALE. I yield.

Mr. SWANSON. The Chief of Operations has no quarters; he has to rent a house. This has been assigned under the statute to the Hydrographic Office and the superintendent of that office lives there. It is such a large establishment that his allowances are not sufficient to keep it going, and he has asked that he be allowed to get out and get the allowance, so much for rent, and so on, whatever is fixed under the law for a house. The Chief of Operations is anxious to go into that place, and the amendment as originally introduced allowed the department to install the Chief of Operations anywhere. We would save about \$500. They now give him \$1,262 for the rental of a place. This man wants to get out because the house is too large and too expensive. Senators can see that house as they drive out Massachusetts Avenue. This is an arrangement agreeable to everybody. There has been no objection except on the part of the Senator from Washington, who objected at one time, but I think he has ascertained that the Chief of the Hydrographic Office is anxious to get out, as the place is very expensive.

Mr. DILL. Mr. President, I would like to ask the Senator from Maine, since this is a legislative provision, why it can not come up on the naval authorization bill that is to be taken up later? Why must it go into this appropriation bill?

Mr. HALE. I suppose it could go on that bill; but I hope the Senator will not block the amendment.

Mr. DILL. Then I make the point of order.

Mr. SWANSON. I hope the Senator will not do that. Admiral Hughes has just been appointed two or three months. He either has to make other arrangements or to be put into this place. The matter ought to be fixed up now. Admiral Hughes is the Chief of Operations. The Army assigns as nice a place as this, the Commandant of the Marine Corps has a place as nice as this, and the commandant of the navy yard has also. Admiral Hughes was transferred here only a few months ago, and the matter ought to be fixed up. Everybody is agreeable to it.

Mr. DILL. What are you going to do with the Superintendent of the Naval Observatory?

Mr. SWANSON. Instead of having this house assigned to him to live in, the Superintendent of the Naval Observatory will get an allowance for rent.

Mr. HALE. He will get an allowance, just as every other officer does.

Mr. DILL. I think it should come up on the regular naval bill, and I make the point of order.

The PRESIDENT pro tempore. The point of order is sustained.

The bill is still in Committee of the Whole and open to amendment. If there be no further amendment to be proposed, the bill will be reported to the Senate.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BOULDER DAM

Mr. JOHNSON. Mr. President, I move that the Senate proceed to the consideration of the bill (S. 728) to provide for the construction of works for the protection and development of the lower Colorado River Basin, for the approval of the Colorado River compact, and for other purposes.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Irrigation and Reclamation with amendments.

FLOOD PROTECTION ON WHITE RIVER, ARK.

Mr. CARAWAY. Mr. President, all Senators are familiar with the fact that we had a flood last year which destroyed practically all the property in the valleys of some of the rivers in my State. There were swept away also the levees which protected the farm lands. The levee districts expended every dollar they had last spring in trying to patch up the levees to protect what they were able to plant last year and make a crop.

There is a flood now in the valley of the White River that threatens to sweep away those temporary levees and destroy thousands of acres of crops that have been planted, some of which are in cultivation. Should the flood be unchecked, it will necessitate the moving out of everything the people have in that section.

Yesterday I introduced a joint resolution, which was referred to the Committee on Appropriations. Immediately thereafter I had a wire from the president of the levee district in Woodruff County, Ark., to whom I had sent a wire for the latest information. His reply was that the people themselves were going out and were doing the work, and that they hoped to save the levees.

The War Department, through the Chief of Engineers, communicated yesterday with the Mississippi River Commission, which has jurisdiction over the levees along that stream. A few hours ago the Mississippi River Commission communicated to the Chief of Engineers the information that unless they could get \$25,000 immediately they could not save the levees. Their engineers are there, but it is necessary that they should have this much money.

I ask unanimous consent now that the Committee on Appropriations be discharged from further consideration of the joint resolution, that it be considered immediately, that it be amended to carry an appropriation of \$25,000 and not \$50,000, and passed.

The PRESIDENT pro tempore. Is there objection?

Mr. WARREN. Mr. President, the Committee on Appropriations has no objection to turning the matter back to the Senate. I understand that the object is to prevent the overflow of thousands of acres, and, so far as I know, the Committee on Appropriations do not object.

Mr. CARAWAY. I thank the chairman of the Committee on Appropriations.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Arkansas that the Committee on Appropriations be discharged from the consideration of the joint resolution, and that it be now considered?

There being no objection, the committee was discharged and the Senate, as in Committee of the Whole, proceeded to consider the joint resolution.

Mr. CARAWAY. I offer the amendments to the joint resolution which I send to the desk.

The PRESIDENT pro tempore. The amendments will be stated.

The CHIEF CLERK. It is proposed, on page 2, line 5, after the words "Sum of," to strike out "\$50,000" and insert "\$25,000"; in line 8, after the word "hold," to strike out the word "said"; and in the same line, after the word "levees," to insert the words "on the White River in Woodruff and Monroe Counties, Ark.," so as to make the joint resolution read:

Whereas the disastrous floods of 1927 destroyed millions of dollars worth of property along the White River, State of Arkansas; and

Whereas the efforts to hold the levees along that stream exhausted the entire resources of the levee districts; and

Whereas the funds to build said levees and keep them in repair is raised by a tax levied on the lands; and

Whereas the last dollar under the Constitution these lands can be taxed for that purpose has been exhausted; and

Whereas the Government under the flood control act has assumed jurisdiction over these levees; and

Whereas these levees are now being threatened with destruction by a flood now raging on White River; and

Whereas there are no available funds appropriated to strengthen and hold these levees against the impending flood: Therefore be it

Resolved, etc., That there is hereby appropriated out of any money in the Treasury not otherwise appropriated the sum of \$25,000, or so much thereof as may be required, to be expended under the direction of the Chief of Engineers of the United States Army and the Mississippi River Commission to strengthen and hold levees on the White River in Woodruff and Monroe Counties, Ark.

SEC. 2. The Chief of Engineers of the United States Army or the Mississippi River Commission, or both, are hereby authorized to expend said sum, or so much thereof as may be required, to strengthen or hold said levees.

The amendments were agreed to.

The joint resolution was reported to the Senate as amended, and the amendments were concurred in.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

RIKER MISSISSIPPI SPILLWAY PLAN FOR FLOOD CONTROL

Mr. FRAZIER. Mr. President, I ask unanimous consent, out of order, to be permitted to introduce a resolution, and then I shall ask unanimous consent for its immediate consideration. If there is to be any discussion of it, I will let it go over.

The PRESIDENT pro tempore. The resolution will be read for the information of the Senate.

The Chief Clerk read the resolution (S. 206), as follows:

Whereas a written request made by me was placed in the hands of Maj. Gen. Edgar Jadwin, Chief of Engineers, United States Army, more than a week ago for an opinion upon the Riker Mississippi spillway, after an examination of the model in the Senate Office Building, by him and his assistant; and no reply whatsoever to the aforesaid letter having been received: Now therefore be it

Resolved, That Major General Jadwin, Chief of Engineers, United States Army, be requested to immediately report to the Senate upon the merits of the Riker Mississippi spillway plan for flood control.

Mr. JONES. Mr. President, it has just occurred to me that it would be better to leave out the preamble of the resolution. I have no objection to the passage of the resolution, but it seems to me that we should not base a resolution upon the failure of an officer to answer a personal request, even of a Senator. I have no objection to the resolution, if the Senator will leave out the whereases.

Mr. FRAZIER. I have no objection to the whereases being stricken out.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution, as modified?

There being no objection, the resolution, as modified, was considered and agreed to, as follows:

Resolved, That Major General Jadwin, Chief of Engineers, United States Army, be requested to immediately report to the Senate upon the merits of the Riker Mississippi spillway plan for flood control.

ADJOURNMENT

Mr. CURTIS. I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 50 minutes p. m.) the Senate adjourned until to-morrow, Thursday, April 26, 1928, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

WEDNESDAY, April 25, 1928

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father in Heaven, the light of this day and the silent watches of the night are evidences of Thy mercy. Bless us with vigor of mind and strength of body, and in manly courage we shall persevere in the things that are just and right. Guard us from all evil; make a way where there is no path; and if the shadows thicken, let the pressure of Thy hand be tenderest. We thank Thee for the warm, tender joys of life, for good friends, for the happiness of the hearthstone, and for the old